FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,698 Friday February 12 1982 ***30p

CONTINENTAL SELLING PRICES: AUSTRIA Sch. 15; BELGIUM Fr 30; DENMARK Kr 6.00; FRANCE Fr 5.00; GERMANY DM 2.0; ITALY L 1,000; NETHERLANDS Fl 2.25; NORWAY Kr 6.00; PORTUGAL Esc 50; SPAIN Pta 80; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 42p; MALTA 30c

NEWS SUMMARY

GENERAL

Nott to urge D5 Trident purchase

Defence Secretary John Nott will recommend that Britain should buy the Trident D5 missile as its next generation nuclear deterrent.

The missile, bigger and more costly than the earlier C4, is designed—with submarines—to replace the Polaris system in the 1990s. Back Page

● The U.S. is to increase by 100 the nuclear warheads it can deploy against the Soviet Union by deploying extra Minuteman 111 missiles. Page 4

Plumb victory

Tory Euro-MPs toppled their leader Sir James Scott-Hopkins and elected Sir Henry Plumb, former president of the National Farmers Union. Page 8

Return to Siberia

Lydia Vashchenko, a Pentecostalist who staged a month's hunger strike at the U.S. embassy in Moscow, left hospital and said she plans to return to Siberia.

Walesa meeting

Roman Catholic Church representatives expect to meet detained Polish Solidarity leaders Lech Walesa and Jan Kulaj "in the next few days."

Spain trial date

The trial of 32 officers and a civilian, for alleged involvement in last February's abortive coup in Spain, will start in Madrid a week today.

Warplane crashes

One died and two were hurt when a Vietnamese military transport aircraft with 13 on board crashed in Thailand after being intercepted by Thai fighters.

Nazi for retrial

A former Nazi and his secretary, freed after a West German court dismissed charges of complicity in murdering 9,000 Jews, will be retried on the same charges.

Chad talks plea

The Organisation of African Unity urged Chad to negotiate with rebels, and said it would withdraw its peacekeeping force by June 30. Page 30

Syria fighting

Hama, northern Syria, was sealed off after heavy fighting between anti-government forces and troops loyal to President Assad. Page 5

Timekeeper jailed

Timekeeper Paul Richmond, 25, was jailed for five years by St Albans Crown Court for obtaining property by deception and conspiring to defraud British Rail.

Coke ban altered

An Italian magistrate lifted a nationwide ban on canned Coca-Cola sales and said it applied only to Coke produced in a factory near Verona on three specific days.

Brussels clashes

Sixteen policemen were hurt in Brussels when mounted police clashed with striking steelworkers in a violent demonstration. Page 2

Ulster shootings

Fifty-five civilians were killed in Northern Ireland shootings last year — more than in any year since 1977, Government statistics showed.

Briefly . . .

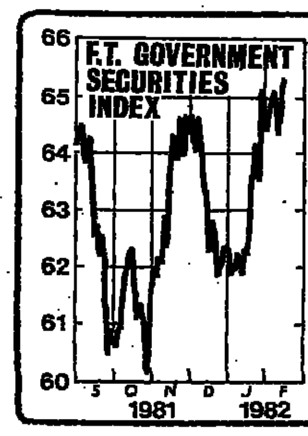
Actress Barbara Stanwyck, 76, received an honorary Oscar.

A 1,100lb wartime German bomb was found in the centre of Shoreham Airport, Sussex. Army disposal experts were called.

BUSINESS

Gilts add 0.66; equities easier

● GILTS: longer-dated issues surged forward, although the short end of the market was held back by sales of the new tap. The Government Securities index rose 0.66 to 65.34—the highest since July 3. Page 32



● EQUITIES failed to benefit from Gilts' strength. The FT 30-share index eased 1.7 to 572. Page 32

● WALL STREET was off 3.33 at 833.33 near the close. Page 30

● STERLING rose 20 points to $1.8495, and to DM 4.38 (DM 4.375) and FFr 11.105 (FFr 11.095). It eased to SwFr 3.51 (SwFr 3.5175) and Y436 (Y436.5). Its trade-weighted index remained 91.6. Page 26

● DOLLAR was unchanged at DM 2.366, but eased to FFr 6.005 (FFr 6.0075), SwFr 1.8975 (SwFr 1.9025) and Y235.75 (Y236.25). Its trade-weighted index was 112 (112.1). Page 26

● GOLD fell $1 to $380.5 in London. In New York the Comex February close was $377.65. Page 26

● FRENCH Constitutional Council rejected a second Opposition appeal against the Nationalisation Bill. Back Page

● EUROPEAN Investment Bank loans totalled 3.85bn Ecu (£2.3bn) last year, against 2.95bn Ecu in 1980. Page 3

● MASSEY-FERGUSON will shed 725 jobs at its Coventry tractor plant. Page 6

● J. C. BAMFORD, construction equipment maker, is expected to confirm today that it will stop using Leyland engines because of the Leyland Vehicles strike.

● GENERAL MOTORS said $206m (£111m) of the $333m 1981 profit reported last week came from revaluation of its pension programme's investments.

● BRITISH TELECOM made £140m profit in the half-year to end September, against a £19m loss. Page 6

● BRITISH Shipbuilders looks likely to win a £25m cargo ship order from a Scandinavian owner. Page 4

● SHELL OIL'S $4.75bn (£2.57bn) investment in California's Belridge oilfield may yield 1bn barrels of oil and gas—54 per cent more than official estimates. Page 4

COMPANIES

● IMPERIAL GROUP, tobacco, brewing and food manufacturing group, reported pre-tax profits down £20.9m to £106m for the year to October. Back Page and Lex

● DOWTY GROUP, industrial holding company, announced pre-tax profits down from £19.05m to £15.7m in the half-year to end September. Page 20; Lex, Back Page

● HOME CHARM, do-it-yourself chain, agreed to buy the Sankey Homecentre stores for £14m. Page 22

● DEUTSCHE BP, W. German subsidiary of British Petroleum, reported a DM 258m (£59m) after-tax loss last year, against a profit of DM 13m. Page 28

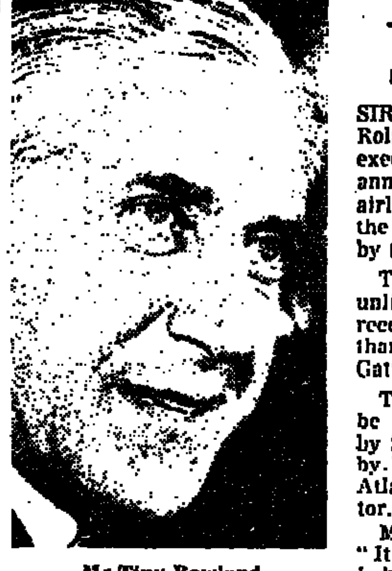
CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas. 3pc 1985	£77¼	+ ⅛
Exchqr 15pc '97	£102¼	+ 1⅛
BICC	327	+ 11
Bass	223	+ 7
Bath & Portland	80	+ 3
British Aerospace	195	+ 4
Highams	59	+ 7
Howard Tenens	65	+ 4
Imperial Group	84½	+ 4½
Ladbroke	150	+ 9
Land Securities	301	+ 4
Lonrho	89	+ 3
Sainsbury (J.)	555	+ 15
TSL Thermal Synd	97	+ 10
Wolseley-Hughes	345	+ 10

FALLS		
Douglas (Robt M.)	76	− 7
Dowty	116	− 8
Gripperrods	120	− 10
GKN	174	− 6
ML Hldgs	270	− 10
Saga Holidays	170	− 9
Trident TV A	83	− 4
ERGO	297	− 14
Gld Mns Kalgoorlie	275	− 5
Pengkalen	320	− 10
Venterspost	384	− 16

Lonrho backs Laker revival



Mr Tiny Rowland

BY ALAN FRIEDMAN AND MICHAEL DONNE

SIR FREDDIE LAKER and Mr Roland "Tiny" Rowland, chief executive of Lonrho, last night announced plans to start a new airline by April 1, subject to the approval of route licences by the Civil Aviation Authority.

The plans, however, seem unlikely to prevent the Laker receivers from dismissing more than 1,500 Laker staff today at Gatwick and elsewhere.

The proposed new airline, to be initially 50 per cent owned by Sir Fredide and 50 per cent by Lonrho, would fly the North Atlantic as a scheduled operator.

Mr Rowland said last night: "It will be a slimmed down Laker airline operating initially with five McDonnel Douglas DC-10s and a cash injection from us." The new airline would be compact: "I think it is best to have an efficient airline an dkeep the numbers down." He dismissed reports that Atlantic Richfield, the U.S. oil group, would be involved in the package.

Sir Freddie said from Mr Rowalnd's London office, the new airline would seek a Stock Exchange quotation "as quickly as we can." The Lorho-Laker company would hope to offer two types of equity—ordinary shares for larger investors and non-voting shares for smaller investors.

Lonrho is said to be planning to put £15m to £20m into new airline. Mr Rowland and Sir Freddie are approaching the Export-Import Bank loan syndicate which provided $228m (£123m) for the purchase in 1980 by Laker of five DC-10/30s to express their interest in taking over the five aircraft.

The main idea under consideration would be to lease the five aircraft throught the Eximbank's receiver, Mr Guy Parsons of Peat Marwick Mitchell, with an option to purchase the aircraft or take over the outstanding $200m debt.

The Lonrho-Laker team might also propose to Mr Parsons that it take over the outstanding debt with a two-year moratorium on the repayment of principal.

Both Mr Rowland and Sir Freddie made it clear last night that the "major stumbling block" facing the formation of the new airline was British Government approval through the authority of route licences for the North Atlantic.

Sir Freddie yesterday spent more than two hours with Mr Ray Buckton, head of the authority's economic section, discussing the possibility of getting the Laker transatlantic route licences transferred to a new airline.

Continued on Back Page
BA cautious on Laker route bids, Page 6

Sir Freddie Laker

EEC in new attack on U.S. budget plans

BY OUR FOREIGN AND ECONOMICS STAFF

BRITAIN AND West Germany yesterday led a fresh EEC onslaught on President Reagan's budget plans. Alarm is mounting on both sides of the Atlantic that planned high U.S. budget deficits are keeping world interest rates high and impeding economic recovery.

The EEC attacks came as Mr Paul Volcker, the chairman of the U.S. Federal Reserve Board, renewed his appeal to Congress to reduce th siz of projected deficits.

In his strongest warning yet on the Administration's fiscal policies, he said the deficits represented a major hazard for financial markets and could suffocate U.S. economic recovery.

Herr Karl Otto Poehl, president of the West German Bundesbank, in his most outspoken attack on U.S. economic policy, said that Mr Reagan's budget had reduced the scope for urgently needed cuts in German interest rates.

In the House of Commons Sir Geoffrey Howe, the Chancellor of the Exchequer, called for another concerted EEC effort to impress upon the Americans Europe's mounting concern over the U.S. deficits.

A separate appeal to Washington was made in Brussels by M Willy de Clerq, the Belgian Finance Minister, who holds the six-month rotating presidency of the EEC's finance council.

He said high U.S. interest rates were increasing the temptation for Europe to adopt protectionist policies.

Yesterday's deepening of the trans-Atlantic rift over interest rates coincided with a gloomy projection from Salomon Brothers, the Wall Street securities firm, that President Reagan's forecast of a $91.5bn (£49.5bn) budget deficit in fiscal 1983 will be "significantly exceeded."

The company's economists, led by Dr Henry Kaufman, said this was because the assumed rapid acceleration in economic activity was unlikely to materialise.

Mr Volcker, speaking to the Senate Banking Committee, urged Congress to act quickly and boldly t obring the deficits down.

He called for a $20bn cut in the projected $83bn deficit in the 1984 budget as a solid sign to the financial markets that Congress was serious about reducing spending. Even keeping the deficit to $83bn would be encouraging, Mr Volcker said, because deficits invariably exceed projections.

Decisive action on the budget could even bring down U.S. interest rates by 2 or 3 percentage points in the next 90 days, he said.

In a speech in Bremen, Herr Poehl said of U.S. policy-makers: "I cannot believe that they do not understand that they have responsibility not only for their own economy, but also for the world economy."

Continued on Back Page
Howe urges joint EEC effort, Page 8

Directors' Institute in Bank row

BY CHRISTINE MOIR

A CONSORTIUM of City and industry institutions, led by the Bank of England, launched a powerful drive yesterday to promote non-executive directors on company boards, and immediately ran into a verbal barrage from the Institute of Directors, which has been excluded from the consortium.

The consortium has put up about £100,000 of finance to establish a permanent bureau to be called Promotion of Non-Executive Directors: Pro Ned, as its sponsors have awkwardly dubbed it.

The bureau will lobby chairmen to appoint non-executive directors and to make their own senior executives available for non-executive roles in other companies.

It will provide a "head-hunting" service for companies looking for non-executives, promote the concept of outsiders on company boards, and help train them in their roles.

The bureau has given itself the wider brief of "contributing to current thinking on the structure of company boards, the role of non-executives and legislative and other developments (including prospective developments in the EEC)."

This immediately brought an outcry from Mr Walter Goldsmith, director-general of the Institute of Directors, that Pro Ned "is a deliberate attempt to undermine the role of the Institute of Directors as the main body representing company directors."

The dispute is not just over demarcation lines. It has its roots in the increasingly fragile relationship between the Directors and the Confederation of British Industry, which has been one of the leaders of the new consortium.

The institute is incensed that the consortium chose to bring in the British Institute of Management at a late stage.

Mr Goldsmith said yesterday that the institute's "offer of help to the consortium has never been seriously considered, and we can only conclude that an attempt is being made to silence the institute."

Sir Maurice Laing, chairman of the consortium, denied any threat to the institute's future.

Cast group acts on ships cash

BY WILLIAM HALL AND ANDREW FISHER

MR FRANK NARBY'S Cast shipping group, which has run into financial difficulties in the midst of its $430m expansion programme, is seeking to reschedule more than $50m of payments on the nine new ships it will acquire in the next 18 months.

After several days of talks in London with Cast's shareholders, bankers and South Korean shipbuilders, Mr Narby and his team flew back to Switzerland last night and will hold a board meeting next week to decide what action should be taken.

Cast's immediate problem is the progress payments on three new 150,000-dwt bulk-carriers being built in South Korea. These are costing the group $60m apiece, but since they were ordered bulk shipping freight rates have dropped dramatically, and the ships are believed to be worth less than $30m apiece.

Cast has negotiated traditional shipyard financing on some ships, but has yet to complete financing of all three in South Korea.

Mr Narby said last night that Eurocanadian, his master company, "had concluded that deferments of our forward capital payments programme are required in order to fund the major acquisitions to which we are committed in 1982-83."

Aside from the three bulk-carriers Cast will take delivery of six 70,000 dwt container bulk ships for its North Atlantic container operation.

Cast said that all its activities contributed a positive operational cash flow.

Last night's statement, which gave no financial details, said world econmic conditions had sharply reduced the value of bulk-carrying ships designed for trading in the spot freight market. Half Euro-Canadian's activities are concentrated in this sector.

Cast's efforts to resolve its financial problems have been complicated by court actions by Bank of Montreal in London and Royal Bank of Canada and Canadian National Railways in Bermuda which resulted in orders restraining the group from transferring assets to related companies. Canadian National has an 18 per cent stake in Cast.

S. Africa moves to restrict imports

By J. D. F. Jones in Johannesburg

SOUTH AFRICA yesterday imposed a surcharge on a range of imports and announced a rise in indirect taxes to combat the rapid deterioration of its balance of payments.

A 10 per cent surcharge takes immediate effect on many imports, and general sales tax will go up from 4 per cent to 5 per cent on March 1.

Mr Owen Horwood, Finance Minister, explained that the surcharge would exclude certain items under the General Agreement on Tariffs and Trade (Gatt), such as oil products, public sector imports and goods used for manufactured exports.

Up to 50,000 South African trade unionists stopped work for half an hour yesterday in a peaceful protest against the death in detention last week of Dr Neil Aggett, a white trade union organiser.

Mr Andre Hamersma, the chief economist of the Standard Bank group, estimated last night that the surcharge would directly affect 40 per cent of the country's imports.

Mr Horwood said government finances were under pressure because of the fall in the gold price, from an average 1980 price of $613 an ounce to an average of $383 so far this year.

He said each $100 an ounce fall in the average annual gold price meant a 10.6 per cent loss in export earnings and an 8.3 per cent loss of government revenue.

When the gold price is high, gold can account for more than

Continued on Back Page
Dutch appeal for ban on South African trade, Page 4

Youth work aid proves popular

FINANCIAL TIMES REPORTER

ABOUT 20,000 applications have been received for the "young workers" subsidy scheme which started on January 4. New applications are arriving at the rate of 4,000 a week.

The plan, sometimes known as the "Walters scheme" after the Prime Minister's personal economic adviser, Professor Alan Walters, provides for payments of up to £15 a week for young people in their first year of employment provided that gross earnings are below £40 a week.

For employees earning between £40 and £45, some £7.50 is payable. The subsidy is payable for a year. It is available for those already in employment as well as new recruits.

The take-up rate has exceeded the most optimistic expectations. As a next step, urgent consideration is being given to the role of wages council's on maintaining artificially high pay for new recruits.

There is a contradiction between the work of the Wages Councils, which fix minimum wages for nearly 3m workers in low pay industries and the Walters scheme. Wages Council awards for 16 to 18 year olds range from £30 to £50 per week.

One of the main purposes of the Walters subsidy, with its £40 to £45 threshold, is to encourage employers to pay new recruits lower wages, nearer to the market value of their services. In this way, it is hoped young people will be priced into jobs.

Another obstacle to employment-promoting wage adjustments is the "fair wage" resolutions. These confine the award of public sector orders to contractors paying the accepted rate. They are also being re-examined, especially in relation to their effect on young people.

One obvious reform would be to withdraw young workers aged up to 18 or 21 from the scope of wages council minima. This would remove a contradiction between the two branches of present employment policy.

There is an obvious conflict between TUC objections to widening of wage differentials affecting young people and the Government's position. The latter is based on the notion of a "negatively sloping demand curve" connecting wages per worker to numbers employed, analogous to that connecting price and volume in product markets.

Professor Walters does not claim credit for the discovery of this curve, which has featured in economics textbooks for nearly a century, despite the controversy it still engenders.

Some less political objections are, however, based on misunderstandings. The official booklet, for instance, mentions that "the Secretary of State is under no obligation to make payments in any particular case." This is not intended to reduce the scope of the scheme, but is a standard form of words considered advisable for legal reasons.

The provision for payment of the subsidy every three months is believed to have been made at the request of employers and is expected to lessen rather than increase bureaucracy and form-filling.

£ in New York

—	Feb. 10	previous
Spot	$1.8550-8565	$1.8500 8515
1 month	0.21-0.26 pm	0.21-0.26 pm
3months	0.79-0.84 pm	0.74-0.79 pm
12months	2.55-2.65 pm	2.45-2.55 pm

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PROTEST OVER THREAT TO JOBS

Angry Belgian steelmen invade EEC headquarters

BY GILES MERRITT IN BRUSSELS

CARBINE-CARRYING riot troopers made a thin blue line across the entrance hall of the European Commission's Berlaymont building in Brussels yesterday as they tried to staunch the flood of angry and unruly Belgian steelworkers who had invaded the EEC's headquarters in protest at job losses.

Although they managed to bar the way to most of the 5,000 or so demonstrators who had descended on Brussels in columns of charabancs from the steel towns of Liege and Charleroi, a few hundred managed to get inside. The effect, in the dignified sanctum of the Eurocrats, was of a fox in a chicken run.

No violence was offered by the burly "metallos," but their physical presence in a jostling, slogan-shouting, Internationale singing, banner-waving phalanx was threat enough. All lifts were put out of service to prevent the invaders from penetrating to the upper floors and running riot along the Berlaymont's interminable corridors.

Thwarted—except for a small delegation allowed to meet Mr Gaston Thorn, the Commission president—the steelmen milled around in front of the closed banks of lifts, listened to a litany of their grievances being recited over a bull-horn by one of their leaders and, on finding a storeroom filled high with rolls of lavatory paper, diverted themselves by throwing streamers. The only casualty was an elderly doorman whose glasses were removed from his nose.

The most menacing quality of the invasion was its incoherence. The steelworkers of Wallonia were massing to defend their jobs against the restructuring cuts still to hit many thousands of them, but their anger was undirected, like that of a goaded bull in a ring.

Perhaps the only good that came out of it, before the demonstrators left to clash in more bloody but traditional manner with mounted gendarmes in a real riot near the Belgian Parliament, was that it for once confronted the Eurocrats with the people.

Baton-wielding mounted police charge through Belgian steelworkers demonstrating yesterday outside the Parliament building in Brussels.

French told shorter work week should not reduce earnings

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government has backed down over a key feature of its scheme for work-sharing in industry by recommending that workers' earnings should not suffer as a result of the switch to a 39-hour working week.

Civil servants and public sector workers will continue to be paid as for a 40-hour week, M Pierre Mauroy, the Prime Minister, revealed yesterday. He urged the private sector to follow suit.

M Mauroy's change of tack followed the direct intervention of President Francois Mitterrand at Wednesday's cabinet meeting when apparently he overulled both his Prime Minister and M Jean Auroux, the Minister for Employment.

M Mitterrand was reported officially to have told the Cabinet that no worker need fear a loss of purchasing power as a result of the 39-hour week. "There can be no question," he said, "of exchanging shorter working hours for a drop in earnings." Only two days before, M Mauroy, echoing views similar to M Auroux's, had said that to discuss work-sharing was to discuss income-sharing.

Yesterday, M Mauroy said that cuts in the working week to 37 hours or below should be accompanied by a reduction in earnings. He also said that the Government was ready to enforce by decree, a fifth week's paid holiday this year. This is the other arm of its work-sharing strategy which unions have complained employers are often reluctant to concede.

The main unions yesterday expressed satisfaction with M Mauroy's statement. M Georges Seguy, leader of the Communist-led CGT union confederation, which has been in the forefront of agitation over the implementation of the shorter working week, declared that the decisions were "very positive."

Employers, in contrast, have reacted with varying degrees of alarm to a decision seen as both adding to industry's costs and setting an ominous precedent for Government intervention in the economy.

M Yvon Chotard, vice-president of the employers organisation, said that a reduction in working hours designed to boost employment should not result in an increase in industry's costs. He said the decision threw into question agreements already negotiated over the introduction of the 39-hour week.

M Mitterrand appears to have favoured the union side because of the strength of the industrial agitation and his anxiety not to disappoint popular expectations over such an important electoral commitment as the shorter working week.

Poland still hungry but no longer starving

BY XAN SMILEY

DESPITE political upheaval and the continuing cash crisis, Poles are unlikely to starve, thanks largely to a massive inflow of emergency aid from the West. The International Committee of the Red Cross, in Geneva, still reckons that $21m is needed over the next two months to protect the most vulnerable of Poland's 36m people.

Poland is a long way, however, from the grinding poverty of much of the Third World, where in many countries half the children die before they reach the age of five. For aid workers recently in El Salvador or Kampuchea, the Polish problem is slight.

"We are talking about relative need, not absolute need," says Dr Kenneth Slack of Christian Aid, who has just returned to the UK from Poland.

Nevertheless, doctors in Poland have noticed a marked deterioration in child health and an increase in general malnutrition. They reckon that about a tenth of the population is in urgent need of outside aid.

Much of the risk is caused simply by the queues in which the old, the sick and mothers with babies have to stand for hours, often in biting cold, just to buy a meagre ration of essential food. Babyfood is in particularly short supply.

There is little sign that either martial law, imposed in December, or the masive price rises in force since February 1 have reduced the queues. The shortages may be even more acute outside Warsaw and the big cities.

Overall, with prices jumping up to fivefold, the Polish people are facing a sharp drop in their standard of living. This is in spite of the fact that wages rose by some 27 per cent last year and existence of a complicated system of compensation for various categories of people which is intended to soften the impact of the price rises.

A surprising irony of the food scarcity, however, is that even in the past year Poles have probably been eating more meat than any other country in East Europe and are still probably consuming more, for instance, than the Romanians.

One result of the disgraced former Premier Edward Gierek's ill-contrived Western-funded expansion and its associated consumer boom was a sharp increase in meat consumption, from an annual average of 52 kg per person in 1970 to 73 kg in 1980. This compares with the Soviet average of around 60 kg and an annual consumption per head in some parts of the Soviet Union as low as 12 kg.

Even now, with rations at 3.5 kg a month, bringing the annual average per person down to 42 kg, many Poles are probably eating more than 50 kg of meat a year. That compares with the British annual average of 56 kg.

The need for help—with medicine as well as with food—nonetheless remains pressing. Key Western aid organisations have been the International Committee of the Red Cross and individual national Red Cross societies. The ICRC has gathered SwFr 26m (£7.4m) since martial law was imposed on December 13, having already raised SwFr 19m following an appeal launched in October.

National Red Cross organisations have also been effective, the West German Red Cross sending 5,000 tonnes of food and assistance to Poland in 1981. Collections for the West German Red Cross at central, state and local community levels have produced DM 23m (£5.2m) since April 1981, of which over half has been gathered since martial law began.

The other most effective non-government organisation (NGO) has been the worldwide Catholic network, Caritas, whose headquarters is in the Vatican. It has sent out over 8,000 tonnes of aid since the imposition of martial law, worth around £8m.

West Germany and the U.S. have been the most generous donor countries. West German Caritas sent more than 600 tonnes in the month after the start of martial law and is now delivering at the rate of 240 tonnes a week. The West German Protestant agency, Das Diakönischewerk, will have sent 320 tonnes by the end of this month.

West German supermarkets are offering special packages containing food, powdered milk, washing powder and soap, at DM 50 each, ready for despatch. The total privately raised German contribution to Poland is probably well over £6m.

Catholic Relief Services, the Catholic emergency agency working manly in the U.S., sent 2,650 tonnes in the last week of January and has raised around $2.2m.

At least 16 NGOs in Britain have sent help, totalling around 600 tonnes, since martial law, plus another £350,000 in cash contributions to international charities. The total British contribution is around £1m.

By far the most important recent aid development, however, was the decision by the EEC's Council of Ministers on January 26 to make available up to 35m European units of account ($31.5m) for emergency grants to NGOs for use in Poland over the next year.

Last year, the Polish Government bought EEC food (mainly beef, pork, grain and sugar) at a 15 per cent discount on market prices, worth EUA 85m. Now the EEC has decided to end what added up to a direct grant in the hope of ensuring that aid reaches the most deserving people.

"We don't want any food to go to the Polish army or police, or even the Soviet Army," said an EEC official.

This was the fear that prompted the U.S. Administration not to send food aid to Poland. It is clear, however, that the vast bulk of Western aid—most of it funnelled through Poland's Church network—is indeed reaching its intended recipients.

Most of the NGO aid is channelled through the Charity Commission of the Polish Episcopate. Since December 13, over £20m has been privately collected through NGOs for Poland. It is now a matter of ensuring an efficient distribution so that the right sort of aid reaches the right people. EEC officials hope that between 6 and 7 million Poles will benefit this year.

In the longer term, Poland's food problem can only be solved by economic and political means. In particular, private farmers, who own 80 per cent of the land, have to be persuaded to surrender food to the state market. At present, they are withholding supplies as a hedge against inflation or prefer to sell at high prices on the black market.

By October, the authorities reckoned that meat supplies were down by 21.3 per cent. Now they may be down by half on last year. The Government is threatening to take the food by force.

In economic terms, the price rises make sense because the Government had been hugely subsidising the cost of basic foods. It had, for instance, been paying farmers 9.5 zlotys for a kilo of wheat while a kilo loaf of bread sold at 7 zlotys in the shops. It is arguable that only under martial law could the necessary steep increases have been imposed without the sort of riots which in 1970 and 1976 caused the Government to backtrack.

With direct food aid flowing in from the West at such a high rate, widespread malnutrition will be staved off. But if production of food and its distribution is to return to efficiency, a complete reform of the system is needed. Without the co-operation of the farmers, however, and with the people seeming unlikely to return to hard work under the duress of a military government, General Wojciech Jaruzelski will almost certainly be unable to organise the Polish people into feeding themselves properly for a long time to come.

Debt crisis deadline looms

By Peter Montagnon, Euromarkets Correspondent

ANOTHER KEY deadline in Poland's debt crisis comes on Monday when the country is due to complete payment to Western banks of interest overdue from 1981.

Completion of the payments is a vital condition for the signature of an agreement with about 500 banks allowing repayment of $2.4bn in debt maturing last year to be deferred until 1988.

Since Poland announced the February 15 target for payment of the interest, Western banks say there has been some catching up payments, but widely quoted estimates put the amount still outstanding at about $100m.

The figure is little more than a guess, as bankers say there has been little opportunity to collect information.

More Dutch spending cuts urged

By Charles Batchelor in Amsterdam

THE DUTCH Government must make spending cuts of Fl 4.5bn (£894m) if it is to achieve its target of reducing its budget deficit to only 6.5 per cent of gross domestic product (GDP), according to the Central Economic Commission, which comprises officials from the Finance and Economics Ministries and the Central Planning Office.

The commission's proposals will be taken into account when the government presents its budget amendments to parliament in March. The cuts are necessary because of lower-than-expected gas and tax revenues, higher social security payments and interest charges on the government debt.

It is uncertain, however, whether the government will hold to the target it set when drawing up its policy programme last year. The 1981 budget deficit is expected to be higher than previous estimates. A reduction to 6.5 per cent of GDP could have too savage a deplationary impact, Mr Andries van Agt, Prime Minister, warned Parliament.

The 1981 deficit is expected to amount to 8.3 per cent of GDP—Fl 24bn—instead of the previous estimate of between 7.5 and 8 per cent.

Norway prices leap

Norway's retail price index rose 3 per cent over the month to mid-January, the largest increase in a single month for 30 years, write Fay Gjester in Oslo. The year-on-year rise was only 12 per cent, however, compared with 15.2 per cent a month earlier.

Spain sets date for court martial over coup attempt

BY ROBERT GRAHAM IN MADRID

THE COURT MARTIAL of 32 officers and one civilian charged with involvement in the Spanish coup attempt last February 23 will be held almost on the anniversary of the event. The Ministry of Defence announced yesterday that the trial would begin in Madrid on February 19.

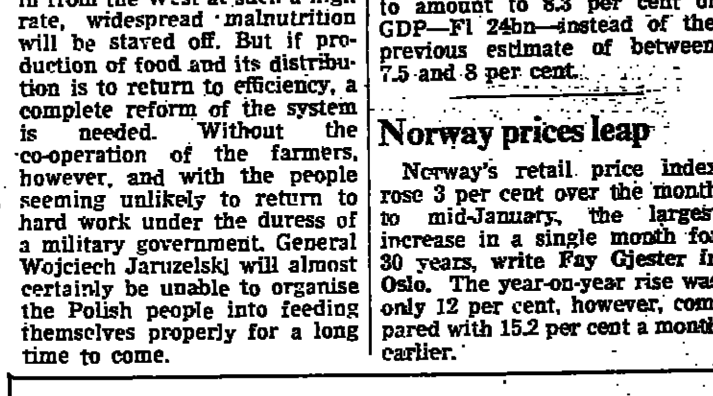
The date has been the main focus of political attention for sometime. The trial is expected to last about 40 working days, but could be much longer if lawyers for the accused choose to employ delaying tactics.

Press leaks have revealed that the military prosecution is seeking prison terms of up to 30 years for the leading figures.

These are Gen Alfonso Armada, former military tutor to the King, who sought to place himself at the head of a government of national reconciliation; Gen Jaime Milans del Bosch, former head of the Valencia military region which he put under martial law on the night of February 23; and Col Antonio Tejero, who led the takeover of the Parliament building on that night.

The court martial will be held in the headquarters of the Maps Division of the armed forces on the outskirts of the capital. Attendance of both defence lawyers, relatives and Press has been limited to 360 people and is by invitation only.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.



E. Berlin bid to quell peace movement

By Leslie Colitt in East Berlin

EAST GERMANY has announced humanitarian concessions to its population which were promised at the summit meeting last December between Chancellor Helmut Schmidt, of West Germany, and President Erich Honecker. At the same time, the East German leadership has cracked down on the growing peace movement to demonstrate it will tolerate no outspoken opposition in the country.

State security officials interrogated for two days an East Berlin pastor who is one of the initiators of the East German peace movement. He was released yesterday after the intervention of the East German Protestant Church. Young East Berliners were taken into custody for wearing the emblem of the movement—a ploughshare—distributed by the Church.

The pastor, Herr Rainer Eppelmann, is one of the authors of an appeal which has been gathering signatures in East Germany.

The "Berlin Appeal" calls for "non-intervention" in the internal affairs of both German states by the Western allies and the Soviet Union, as well as for an end to the militarisation of East German life.

Protestant Church members in Berlin said the pastor was arrested after a meeting of the ruling politburo of the East German Communist Party which discussed the appeal and its publication in the West. The homes of several organisers were searched and lists of signatures confiscated.

The East Berlin teenagers who were taken into custody were told to remove the peace emblem from their clothing or they would suffer consequences at school and work.

The East German authorities have announced, meanwhile, they were extending the number of family occasions at which East Germans can apply for permission to visit relatives in West Germany. Until now, visits were allowed for births, deaths, weddings and silver and gold wedding anniversaries. The list has been extended to include baptisms, confirmations, first communions, 60th, 70th, 75th and subsequent birthdays.

Last year, 37,000 East Germans under retirement age visited their West German relatives after applying for "urgent family visits."

EIB sees the rapid rise in its lending come to halt

BY GILES MERRITT IN BRUSSELS

THE RAPID year-on-year rises in the European Investment Bank's volume of loans, which have been such a marked feature since 1977, were abruptly arrested last year.

Revealing that its financing operations last year totalled 3.85bn European currency units (£2.3bn), the EEC's long-term development bank noted that the figure marked no real *improvement* on the 2.95bn Ecu lent during 1980 if account is taken of inflation. The 1980 level of EIB lending, however, had been more than double that in 1977.

The bank yesterday pointed to *tensions on the capital* markets, high interest rates, deepening recession and budgetary difficulties in various member states as factors responsible for reduced investment and fewer requests for finance.

Of the 3.36bn Ecu lent to help finance industrial and infrastructural projects inside the Community, almost three-quarters was concentrated on the four member states which the bank believes have the most difficult structural problems—Italy, Ireland, Greece and Britain.

But UK applications for EIB loans declined dramatically thanks to the impact of recession on industrial investment and reduced public sector demand. The bank's lending to Britain totalled £142.6m, against £417.3m the year before, while the £14m *of* loans to British industry were less than a fifth of 1980's operations.

The overall slow-down in the rhythm of the EIB's financial operations coincided with the doubling at the end of last year of the bank's subscribed capital to 14.4bn Ecu. With the bank's statutory lending limit of two-and-a-half times its capital and outstanding loans of 16.95bn Ecu, the increase lifted the limit from 18bn Ecu to 36bn Ecu.

EIB loans contribute on average about a quarter of the finance required for particular projects, so that the bank yesterday calculated that its operations last year contributed to new fixed investment in the Community worth some 11.7bn Ecu.

The two main targets of EIB financing were projects contributing towards employment and those aimed at energy conservation and diversification. In terms of jobs, the bank reckons that its 1981 operations will involve the creation or saving of 31,000 industrial jobs, while construction work on projects is put at an equivalent of 465,000 man-years of work.

On energy, the EIB says that the projects supported should, when completed, replace 10.6m tonnes of imported oil yearly, *bringing to 61m tonnes a year* the total of oil saved by such projects since 1977.

Almost 500m Ecu was last year spent by the bank on projects outside the EEC; notably on development work in Spain and Portugal, the two candidate member states, and *in 33 other countries in the* Mediterranean region, Africa, the Caribbean and the Pacific that are signatories to the Lome Convention.

Rupert Cornwell, in Rome, assesses the performance of one of the EEC's weaker currencies

EMS gives temperamental Italian lira soothing ride

"THESE PAST three years have proved everyone wrong." commented a leading Italian economist recently about his country's *membership of the* European Monetary System *(EMS)*. "*It* has not provided the discipline required to solve all our economic problems, as the optimists believed — but then it has not been heavily deflationary as some of us feared."

His words reflect the comparatively peaceful ride which the lira has enjoyed in the EMS since its inception in March 1979, in contrast to the fierce political debate in Italy beforehand. In the closing stages of 1978, the parties of the Left and a sizeable chunk of the *economic establishment had* deep misgivings, arguing that an ill-considered entry into the EMS at a parity which could not be long sustained would be pointless and counter-productive.

In the event, a compromise was reached. After assurances, and some *cajoling*, from Chancellor Helmut Schmidt of West Germany and President Valery Giscard d'Estaing of France—whose joint brainchild the EMS was — Sig Giulio Andreotti, the then Prime Minister, took the plunge.

A skilful downward manipulation of the exchange rate in the months beforehand ensured a favourable initial parity. The protection afforded by a special 6 per cent fluctuation margin (against 2.25 per cent for the *other participants*) also helped give the lira a smooth start.

It was not until 1981 that the currency was devalued (twice) within the system. If a high domestic inflation rate means that the lira *remains* highly *vulnerable, the* sustained strength of the U.S. dollar has largely masked the problem, holding down the D-Mark, the dominant component of the EMS.

But if the results have been comparatively modest, has the exercise been worthwhile? The answer, in the general view, is yes. From the outset, one of the most powerful arguments in favour of Italian membership has been political: That it constituted a rudder keeping one of the community's weaker members in the EEC mainstream.

Central bank officials admit that the 6 per cent margin has allowed the Rome authorities to operate domestic monetary policy with relatively little *constraint*.

As one official put it: "In many ways we've behaved as if free to float. We would never use the full margin, usually only 3 to 4 per cent, and then would act if necessary." These tactics have also largely denied speculators the safe each way bet which used to prove so lethal in the old days of rigidly fixed parities.

But, almost certainly, the advantages have been positive as well as negative. Some disciplinary effect has flowed from the EMS, according to Professor Romano Prodi, Industry Minister in the Andreotti cabinet, which took the decision to go in. Without the EMS, the lira's devaluation would have been greater, and the inflation rate, higher, he argues. In the event, depreciation against the D-Mark has run at about 6 per cent annually since 1979, compared with an average inflation differential between the two countries of about 10 per cent.

Faced with this erosion of competitivity, Italian industry (or at least that part of it exposed to stiff international *competition*) *has been forced to* act on its own. In the summer of 1980, Fiat approached the Bank of Italy to plead for a lira devaluation.

Politely but firmly, the central bank demurred, and that autumn the car company moved to put its own house in order. Since the end of an unprecedented 35-day strike in October 1980, Fiat's productivity has risen by 20 per cent.

Similar improvements in productivity unfortunately have not come in the public sector.

The worst example of all has come from the Government. Its *insatiable borrowing requirement* might easily overwhelm the limit placed upon it for 1982 of L50,000bn (£21bn)—equivalent to more than 11 per cent of gross domestic product. Uncontrollable public finances are the biggest single contributor to Italian inflation, and thus to the instability of its currency.

A more subtle change has come about in Italy's foreign trade. While a depressed D-mark has thrust the country heavily into deficit with West Germany, exporters have perceptibly improved their showing in the Organisation of Petroleum Exporting Countries and Third World markets, where prices are dollar-denominated. Libya, for example, has recently been Italy's fourth biggest trading partner.

How long can this go on? Sooner or later, the Bank of Italy insists, competitivity with West Germany must be restored. It is here that the major risk lies for the future of the EMS.

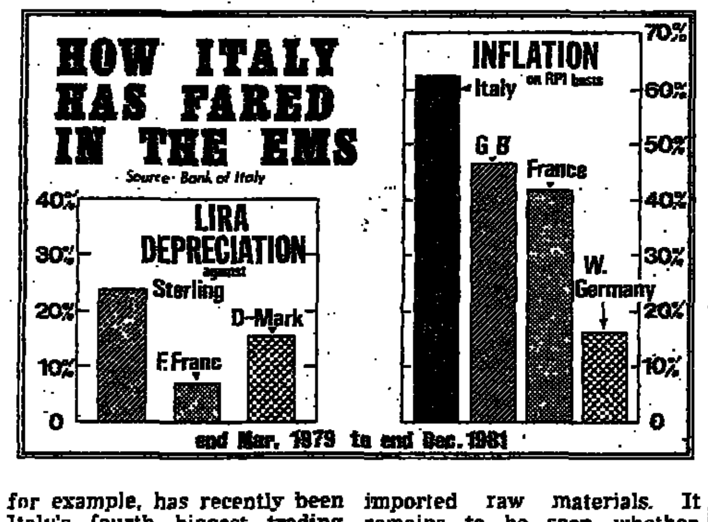
Whatever the extra pain for Italian industry, the buoancy of the dollar has lately held the EMS currencies closely together. On some occasions, the lira has actually appreciated against the D-mark. It is when the dollar weakens and the D-mark cuts free, that the real test of the system will be at hand.

Before the EMS, a weak dollar and a strong D-mark provided the recipe for Italy's financial and economic recovery between 1977 and 1979. During that period, the Bank of Italy could allow the lira to float down against the D-mark, but appreciate against the dollar, and thus hold down the cost of imported raw materials. It remains to be seen whether this will be possible within the fixed confines of the EMS, at least as it now operates.

Italy is indeed allied with France in seeking to push through an initiative developing the existing EMS, extending *the technique of multi-currency intervention*, and strengthening the support mechanism of the system.

Up until now, however, the device of the 6 per cent margin has suited Italy's requirements well. Some here feel it might also suit Britain, in the management of petrocurrency, if Westminster's fear of too high a starting parity for sterling against an undervalued D-mark could be removed.

Many equally suspect that old British misgivings, for prestige reasons, about being seen as a second division member of the EMS, could prevent a highly desirable extension of the system.



UK urged to join system

NOW THAT the EEC is poised to develop the European monetary system further, Britain must move off the sidelines and join it Mr Christopher Tugendhat, vice-president of the European Commission, said last night, writes John Wyles. Delivering Esmee Fairbairn lecture at Lancaster University the Conservative MP warned that the British Government's constant plea that the time is not ripe for full EMS membership was losing credibility.

Acknowledging that caution was natural, given the current state of both international monetary affairs and the British economy, the Commissioner claimed that sterling's absence from the EMS weakened the system and was unhelpful to efforts to establish, a common approach to third currencies.

Community finance ministers are due to discuss this and other possibilities for developing the EMS in Brussels on Monday. They are under orders to produce some proposals for the Community summit at the end of next month.

Mr Tugendhat, who is responsible for the EEC budget, urged replacing existing bilateral swap arrangements between European central banks and the U.S. Federal Reserve with a single swap-credit arrangement between the Fed and the European Monetary Co-operation Fund.

Lisbon acts to head off strike violence

By Diana Smith in Lisbon

THE PORTUGUESE Government is putting 7,000 police on the streets today to prevent violence during the first national general strike in the country's history.

The strike has been called by the Communist-dominated CGTP-Inter trade union confederation, which claims that unions representing 2.5m workers (two thirds of the labour force) have answered the call.

The non-Communist UGT has condemned the strike as a political manoeuvre and refused to take part.

Essential services, apart from town gas in Lisbon, will be maintained as long as no breakdowns require repairs. As in the past, the Government has laid on private buses to compensate for stoppages by Lisbon public transport unions.

Last night the centre-right ruling coalition of Social Democrats, Christian Democrats and Monarchists held a mass rally in Lisbon as a show of strength on the eve of the strike.

Sig Francisco Pinto, Balsemao's administration, however unpopular because of heavy price rises, has earned approval this week for very tough stands on what it and the Socialist opposition regard as a ploy by the Moscow-tied Communists to topple the Government, and prevent liberalising reforms of the left-wing 1976 constitution.

The ageing Communist leader, Sr Alvaro Cunhal, clearly admitted these designs on nationwide TV earlier this week, when he accused the coalition and the Socialists of plotting a right-wing coup via constitutional reforms and demanded a stop to it.

Some see today's strike as a desperate move by a Communist party whose allegiance to Moscow has cost it the vote or active support of many left-wingers.

● The national statistics institute announced yesterday that with imports totalling $7.52bn and exports $3.22bn, the visible trade gap widened to $4.3bn between January and October last year.

In the same period in 1980, the trade deficit was $2.8bn with imports of $6.04bn and exports of $3.23bn.

Congress to reconsider El Salvador

BY ANATOLE KALETSKY IN WASHINGTON

A SPECIAL Congressional delegation will visit El Salvador this weekend to provide a "positive report" on whether conditions there could "slip into a Vietnam situation," Mr Tip O'Neill, the Speaker of the House of Representatives, said yesterday.

As concern grows about U.S. involvement in El Salvador and the guerrilla war intensifies ahead of the March 28 elections there, Mr O'Neill said he was worried about the U.S.'s apparent revival of a "domino theory" on central America.

State Department officials have repeatedly said that El Salvador represents the "decisive battle for central America" and that the U.S. must do "whatever is necessary" to prevent a guerrilla victory there.

Mr O'Neill said he was not convinced that it is in the vital interest of the U.S. to support the Duarte Government, but stressed that this issue is "too serious" for Democrats to oppose President Reagan's policy automatically on partisan grounds.

Mr O'Neill's statement is significant because in the past he has not come out in support of liberal Democrats who have been demanding a change in U.S. policy on El Salvador.

Four Democratic liberals have produced a Bill calling on the Administration to enter into negotiations to seek an internationally supervised ceasefire in El Salvador and negotiations between the Duarte government and the guerrillas.

Current policy is to back President Duarte in his refusal to negotiate with the guerrilla leaders, who have expressed their willingness to talk, with preconditions about some form of contemporary coalition government in El Salvador.

The Administration's view is that negotiations with the guerrillas now would pre-empt the "democratic process" of the March 28 elections. The State Department has also repeatedly said that the experience of Nicaragua proves that any form of coalition government between "Marxist—Leninist" guerrillas and liberal forces eventually leads to a left-wing dictatorship.

The congressional delegation will seek to assess the strategic importance of the El Salvador war for U.S. interests and the human rights situation there. The arraignment of six former members of the security forces this week for the rape and murder of four U.S. missionaries in El Salvador in 1980 has not succeeded in allaying U.S. fears about the influence of right-wing extremists in the Duarte government.

Relatives of the murdered missionaries have said that there is evidence the killings were ordered by a wealthy Salvadorian rightist who regarded the women as "subversives."

U.S.-Mexico friendship heads for hard times

By William Chislett, recently in Washington

AFTER A year in which Washington and Mexico have brushed their differences under the carpet for fear of spoiling the new-found friendship, several major problems are now emerging.

In particular the two countries disagree over Mexican migration to the U.S., trade, and the civil war in El Salvador.

This is at a time when President Ronald Reagan has gone out of his way to court Mexico, which supplies the U.S. with 5 per cent of its oil needs—about 550,000 barrels a day—and has the potential to provide a lot more if required.

Mexico is also its northern neighbour's third-largest trading partner. U.S. investment in Mexico is about $7bn (£3.8bn).

Sr Lopez Portillo, the Mexican President, and Mr Reagan have become personal friends over the past year. "Reagan speaks more to Lopez Portillo than he does to any other leader," claims a senior U.S. official.

This relationship is underlined by Mr Reagan's decision to attend last year's North-South summit in Cancun against most of his White House advisers' wishes.

Despite their personal friendship these problems have not disappeared. The most sensitive of these concerns the 3m Mexicans who live illegally in the U.S. and the hundreds of thousands who cross the border each year in search of work.

A proposed guest worker programme is expected to go before the U.S. Congress soon, to allow a limited number of Mexicans to work legally in the U.S. and protect them from being exploited by employers.

But the trial programme, if approved, would only allow 100,000 Mexicans to work in the U.S. over a two year period. This is far less than Mexico's estimate of the 300,000-400,000 of its citizens who emigrate to the U.S. each year.

Mexico fears that if such a programme comes into force, the U.S. will police the frontier more vigorously to reduce the flow of illegal aliens.

The programme could also include sanctions for the first time against U.S. employers who give work to undocumented Mexican workers. This could result in a partial closure of what Mexico calls its "safety valve" for major social unrest.

Mexico cannot produce enough jobs for its fast-expanding population. If it were not for the proximity of the U.S. and the eagerness of U.S. employers to hire cheap labour, unemployment would have reached unmanageable proportions in Mexico.

The human tide of Mexicans flowing into the U.S. can never be halted unless a "Berlin Wall" type solution is imposed, which apart from being impractical would hardly make for good relations. At the same time, the U.S. must do something to limit the problem, particularly at a time when its economy is in recession.

Ironically, the most sensitive point at the moment is not a bilateral issue, but the conflict of views over the civil war in El Salvador, where the U.S. backs the right-wing junta, while Mexico supports the left-wing rebels fighting to topple it.

Mexico wants a negotiated political settlement, while Washington wants elections in March, in the middle of anarchy. However, the fact that the U.S. and Mexico have "agreed to disagree" speaks for the maturity of their new relationship.

Nevertheless, Mexico's denunciation of U.S. Central American policy wrankles in Washington. Some senior State Department officials argue that eventually the fundamental differences over El Salvador could cause the bilateral relationship to deteriorate.

Dutch Government appeals for ban on South African trade

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH Government has appealed to the country's businessmen to apply a voluntary ban on trading links with South Africa.

A voluntary embargo is all that can be achieved given the legal procedures necessary to impose a compulsory boycott, Mr Max van der Stoel, the Foreign Minister, told Parliament.

The government wants Dutch companies to cease supplying South Africa with oil, to stop importing South African coal and to make no more investments in that country. The main employers' organisation, the Netherlands' Industry Federation (VNO), said it could not comment until it received the details of the ministers' proposals, announced late on Wednesday.

The Government is prepared to take account of justified objections from the business community but believes it can count on its support, Mr van der Stoel said. Prominent anti-apartheid groups reacted with scepticism, however.

The previous two Dutch Governments have been under pressure from Parliament to impose curbs on trading links with South Africa since a majority of MPs voted in June, 1980, for an oil embargo. Attempts to gain support from other EEC countries and from Belgium and Luxembourg have failed, however.

Mr van der Stoel said he hoped voluntary curbs could be replaced with legal sanctions soon. In the absence of a binding ruling from the UN or support from the EEC or the Netherlands Benelux partners, the Government can go no further than an appeal for voluntary action.

The Benelux union treaty prevents the Netherlands from acting alone because General Agreement on Tariffs and Trade (GATT) rules make unilateral action in trade matters difficult. Bilateral trading treaties with South Africa—including one dating from the 1930s conferring most favoured nation status—would have to be cancelled.

According to the Amsterdam-based Shipping Research Bureau, which is supported by two major anti-apartheid groups, the Netherlands is involved in the supply of 30 per cent of South Africa's oil. Royal Dutch Shell and the Transworld oil group ship much of the oil while Rotterdam is a major transhipment port.

The Netherlands imported 290,000 tonnes of South African coal in 1980—3.4 per cent of its total requirement — though there was a sharp fall in 1981. However, Dutch coal trading companies account for more than one-third of all EEC imports of South African coal, Dutch anti-apartheid groups claim.

Max van der Stoel: voluntary embargo

U.S. to raise anti-USSR N-warhead capacity

By Reginald Dale, U.S. Editor, in Washington

THE U.S. is to increase the number of nuclear warheads it can launch against the Soviet Union by deploying an additional 50 Minuteman III ground-launched intercontinental missiles in silos now occupied by older Minuteman IIs.

As the Minuteman III has three independent targetable warheads, against only one on the Minuteman II, the total number of warheads in the Minuteman force will rise by 100.

The Minuteman III is also more accurate and better able to penetrate Soviet air defences than the Minuteman II.

But the net increase in all U.S. warheads targetable against the Soviet Union will only be 48, because of Administration plans to dismantle 52 ageing Titan missiles, starting this year.

The 50 Minuteman III missiles are to be taken from the stock of 20 spare missiles the Air Force keeps for testing. The Air Force, which test-fires 12 missiles a year, did not want the stock depleted and reportedly opposed the plan.

Conservative members of Congress have long wanted to deploy more Minuteman IIIs and last year succeeded in getting Congress to allocate $5m to fund the plan.

The Pentagon also said that when the first 40 MX missiles started to be deployed in Minuteman III silos in 1986, the displaced Minuteman IIIs will also be transferred to Minuteman II silos. The warhead plans would "arrest the downwards trend in relative capability" of the U.S. missile force compared to that of the Soviet Union, the Pentagon said.

French rockets for Nicaragua

BY DAVID HOUSEGO IN PARIS

FRANCE is to deliver 7,000 rockets to Nicaragua as part of the recently announced controversial arms deal.

M Charles Hernu, French Minister for Defence, said yesterday that the contract also provided for 100 rocket launchers, two helicopters, two patrol boats and 45 lorries.

He insisted that none of the weapons were of an offensive nature or for use by guerrilla fighters. He also said that the contract stipulated that the rocket launchers could not be fitted to Soviet aircraft.

The U.S. has been concerned about French support for the left-wing Sandinista government in Nicaragua and the possibility that the weapons could find their way to guerrilla movements in El Salvador.

M Hernu said the deal fell within the new French arms sales policy of providing assistance for countries friendly with France which wanted to avoid dependence on one or other of the major power blocs.

He said that Mr Alexander Haig, U.S. Secretary of State, had described the contract to M Claude Cheysson, French Foreign Minister, as "peanuts."

M Hernu, who also had talks in Paris this week with M Hans Apel, the West German Defence Minister, said the contentious issue of Franco-German co-operation over the building of a new tank that would come into service in the 1990s had been referred as a political matter to Chancellor Schmidt. The French expect it to be raised by the two heads of Government during the Franco-German summit at the end of this month.

Surinam democracy date set

BY CHARLES BATCHELOR IN AMSTERDAM

THE LEADER of the military council in Surinam, the former Dutch colony in South America, has said that the country should have a new civilian Government by mid-March.

The five-man military council, which has held supreme power since February 1980, resumed direct control of the Government last week, forcing the civilian administration of President Henk Chin-a-Sen out of office.

Lt-Col Desi Bouterse, leader of the military council, has announced the formation of three special commissions. These will draw up a Government programme, advise on administrative reforms and prepare the way for a new democratic constitution—the issue that brought down the conservative Government of Mr Chin-a-Sen.

On the basis of their reports, a new government will be chosen and sworn in on March 15, he said in a television address.

It is unclear whether the new administration will include military representatives, but it is likely to have members of the so-called revolutionary front, according to reports reaching the Netherlands. The front is composed of 11 progressive groups, including trade unions, student organisations and a number of small political parties.

The draft constitution under discussion when the military took over power on February 4 provided for a directly-elected president with the power to appoint and dismiss governments. The army would have had a purely advisory role.

Shell's prospects in Belridge lifted

BY RAY DAFTER IN LOS ANGELES

SHELL OIL's $4.75bn (£2.54bn) investment in California's Belridge oilfield could well yield 1bn barrels of recoverable oil and gas—54 per cent more than official estimates—according to a senior company official.

Mr Bob Sprague, president of Kernridge Oil, the Shell subsidiary which operates Belridge, said there was a "good chance" that the output of oil and gas would eventually reach the equivalent of a billion barrels. "We haven't figured out how yet, so we are not counting our chickens. But the field is responding magnificently — those wells are rocking along great."

Many in the industry ridiculed Shell when, in 1979, it paid $3.65bn for Belridge Oil's interest. The purchase price was almost $1bn more than the second highest offer. Since the purchase, Shell has committed itself to spending a further $1.1bn on perforating the field with thousands of wells.

Since the takeover, the company has boosted production from about 40,000 barrels a day to over 70,000. By the end of this year, output should be approaching 80,000 barrels a day and by the mid 1980s over 100,000.

Most of the production is coming from a reservoir of thick, sticky oil which is being teased out of the ground by injected steam. One barrel of oil is used to create the steam necessary to yield three barrels of crude. But Shell is confident that the technique will ultimately recover over 60 per cent of the original oil in the reservoir, a recovery efficiency which would be about twice the current industry average.

Shell Oil, like a number of major U.S. oil companies is now increasingly employing novel production techniques to extract hard to get oil.

British Shipbuilders may win £25m export order

BY ANDREW FISHER, SHIPPING CORRESPONDENT

BRITISH SHIPBUILDERS looks likely to win a further export order from a Scandinavian owner which could be worth around £25m.

The owner, with Norwegian links, is believed to be ready to order a 27,000 deadweight tonne general purpose cargo ship from the Swan Hunter yard on the Tyne.

Also under discussion is a possible option for a second such ship which could make the order worth an eventual £50m.

The order would represent one of the most sophisticated merchant vessels ordered on the Tyne for some years, being able to carry a wide range of cargoes and containers.

BS has won a variety of foreign orders in recent months and is keen to gain as many more as possible at a time when cuts in UK defence spending threaten several thousand jobs on its warship side.

• Continuing the trend of major container ship orders going to South Korea rather than Japan, where prices are higher and quoted in yen rather than in dollars, Hyundai is to build three vessels worth some $200m for the Barber Blue Sea consortium.

Barber Blue Sea, which includes Ocean Transport and Trading of the UK, has signed a letter of intent with the Korean group for the large roll-on roll-off container ships with options for a further four.

Go-ahead for Indonesian energy contract

By Richard Cowper in Jakarta

INDONESIA yesterday initialled its first sales contract for the development and production of geothermal energy. The deal was part of a package of contracts signed between Pertamina, the state-owned energy concern, and foreign oil companies for oil, gas and energy production. The deals could be worth more than $1bn (£526m).

Pertamina's oil and gas production sharing contracts with five foreign oil companies, covered five blocks over 79,000 square kilometres. The potential value of the deal is $455m.

Pertamina also signed two contracts with Union Oil of the U.S. to explore and develop geothermal energy resources South of Jakarta.

Prof Dr Subroto, Indonesia's Minister for Mines and Energy, said the contracts with Union could lead to the construction of a $500m geothermal power plant with a capacity of around 220 MW.

The Union contracts call for a five-year exploration programme followed by a 42-month development effort in a 180,000 acres block south of Jakarta.

In the first five years Pertamina says that Union is expected to spend at least $20m on exploration and development. This does not include the setting up of a power plant.

Russia signs tanker deal

BY DAVID SATTER IN MOSCOW

THE SOVIET UNION has signed contracts worth $500m (£263m) with three Yugoslav shipyards for the delivery of 15 tankers with a deadweight tonnage of 16,400 and 3 crane ships, the Soviet news agency Tass said yesterday.

The Soviet trade organisation, Sudoimport, signed the contracts with the Split, Treti Mai and Titovo Brodogradiliste shipyards, all of which have built vessels for the Soviet Union in the past.

Tass also said a protocol was signed by Sudoimport and the shipyards to provide for the delivery of 10 passenger ships.

Soviet orders with shipyards in Yugoslavia will be about one-third higher in 1981-85 than in the previous five-year period, Tass said. The tankers and crane ships are to be delivered in 1984-85.

Fed plans to stick to fight against inflation

BY DAVID LASCELLES IN NEW YORK

MR PAUL VOLCKER, the chairman of the U.S. Federal Reserve Board yesterday reiterated the Fed's determination to fight against inflation.

On the second day of hearings on monetary policy, Mr Volcker repeated to the Senate the message he gave the House of Representatives on Wednesday. The basic aim of monetary policy will continue to restrict the supply of money and credit, though the Fed will be slightly more flexible in the months ahead because of the erratic behaviour of the money supply.

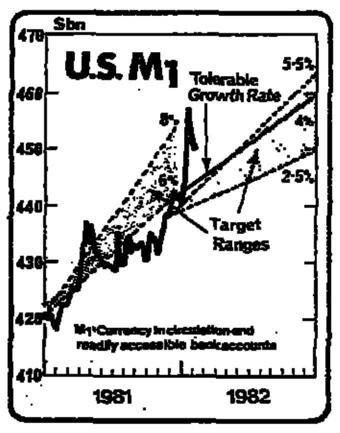
He also repeated warnings that the Reagan administration's budget deficit poses a threat to the country's economic health, though he refused to be drawn into outright criticism of the White House.

Mr Volcker's message this week does, however, point to a slight softening which could remove some of the uncertainty on Wall Street about Fed policy, and ease the upward pressure on interest rates. Because of this, the financial markets have responded quite favourably to Mr Volcker's remarks.

While sticking to its basic growth targets for M1 this year of 2.5-5.5 per cent, the Fed will allow M1 to run higher than that in the first half of the year. The guideline will be a 4 per cent rate of growth from the minimum level M1 was supposed to reach last year, though it fell well short. This should bring M1 back within the target range by the end of the year.

Mr Volcker justified this on the grounds that M1 grew too slowly last year, but is now showing a tendency to grow too fast. In effect, the 4 per cent line marks an attempt to "rein in" the money supply gradually without administering shocks to the financial markets.

However, the Fed's tactics are also widely viewed as a concession to the Administration, which wants faster monetary growth.



U.S. trade call turned down

BY BRIJ KHINDARIA IN GENEVA

THE EUROPEAN Community has turned down a U.S. demand for an early start to negotiations for an international agreement regulating trade in services, including banking, insurance and civil aviation services, and access to computer data banks.

At meetings in Geneva of CG-18 a group of 18 members of the General Agreement on Tariffs and Trade (Gatt), the Community said it is not yet convinced of the immediate need for an accord.

However, it is willing to study seriously trade problems in services to try to pave the way for negotiations when "all the facts are known."

The Community's coolness towards U.S. views was seen as a further widening of U.S.-EEC differences following abortive talks in Washington last week between Mr Wilhelm Haferkamp, EEC vice-president for external relations, and Mr William Brock of the U.S. A senior EEC official who came to Geneva directly from the Washington meetings described EEC-U.S. differences as "a difficult patch, but no trade war."

The CG-18 is Gatt's most influential policy-making forum. It includes both developed and developing countries who meet informally outside Gatt aegis, but their decisions usually become Gatt policy.

This week's CG-18 talks centred on preparations for a ministerial-level conference to be called by Gatt in November to discuss problems in international trade and to map patterns of world trade regulation for the rest of this decade.

The last such conference took place in 1972 and led to the Tokyo Round trade package of tariff and non-tariff barrier cuts completed in 1979.

Senior developing nations agree that this year's conference will not lead to any major round of negotiations.

The Community will seek a strong ministerial-level declaration against protectionism in trade and some "practical measures" to improve the functioning of existing agreements.

Export frustrations lead bellicose Washington on to the trade warpath

By PAUL CHEESERIGHT, WORLD TRADE EDITOR

"THANK YOU for smoking," said the sign on the receptionist's desk outside the office of Representative Stephen Neal—a gentle reminder that the congressman is doing his best for his constituents in the tobacco-producing state of North Carolina.

But as far as trade with Japan is concerned, Mr Neal's best is not enough. He shares his constituents' deep frustration with Japan and its trading policies, which is threatening to lead both to fundamental shifts in U.S. trading policy, and to a dangerous period for the world trading system.

Mr Neal's proposal last year that Japan should pay the U.S. a national security tax of about $20bn (£10.7bn) annually, which made him a Japanese television personality, embraced the feeling that Japan has climbed to prosperity on the back of U.S. efforts. His view of the way Japan handles tobacco imports, the subject he knows best, embraces the perception that while the U.S. market is open to Japanese products, the Japanese put barriers in the way of U.S. sales. This shows how trade has become a political issue.

"Whenever our tobacco manufactures can compete in open markets they end up with 10 to 15 per cent of the market. In Japan, they limit the sales, they administer the price of the U.S. tobacco product—they set it way higher than domestic products. Then they say U.S. cigarettes cannot be advertised in Japanese. That's like saying they can only advertise Datsun here in Japanese. Then they say you can only sell through a limited number of outlets," complained Mr Neal.

Similar tales are repeated in other sectors, such as beef, citrus products, computers and telecommunications. At the same time, Japanese sales are believed to be hurting sections of U.S. industry, like cars, steel and electronics.

The result is that the general frustration—reflecting Japan's rising trade surplus with the U.S.—is bolstered by specific complaints. The tide of dissatisfaction thus moves—along into an outright condemnation of Japan's importing and exporting policy.

"We have a right to some industry too," said a union official, mindful of the recession and the competitiveness of Japanese sales.

"When Japan's infant industries are struggling, they shut the door, and then they're unhappy when others shut the door on them. We have a one-way free trade policy," argued an influential congressional aide.

Trade with Japan, then, is a wide problem which needs a wide response. In that sense it is different from U.S. trade relations with the EEC where, said a trade official, "there are series of specific issues which are of strong interest to the private sector and Congress."

These issues are steel — now the subject of investigation to see whether anti-dumping duties will be imposed — EEC agricultural exports — again the subject of specific investigations to see whether there should be retaliation for unfair trading — through subsidised export credits and sanctions policy against the Soviet Union.

This convergence means that two trends which have been emerging for some time have become more sharply focused in their impact. The first trend is the growing importance of trade to the U.S. economy — one job out of four depends on it, according to some estimates. The second is the diffusion of power in Congress taking influence away from the specialised trade sub-committees.

U.S. TRADE DEFICIT WITH JAPAN

	$bn
1981	18*
1980	10.12
1979	8.95
1978	11.96
1977	8.48
1976	5.65
1975	2.07
1974	1.9
1973	1.5

Source: GATT, 1973-1980

"You have pressures building up in a narrow context. There is the general malaise — that's Japan and to a lesser extent Canada (a reference to a running dispute about Canadian energy and investment policy). Now all of this is converging on the public policy agenda. We're in a recession and there's a Congress with little to do — a component of it is up for re-election," said the trade official.

Trade has come out of the shadows and into the political light. "Any congressman with an import or export sensitive industry is compelled by political self-interest to develop an interest. So trade initiatives have started cropping up. They no longer defer to the trade sub-committees. So we don't know where the trade legislation is going to come from," said an Administration official who deals with Congress.

The result is that Congress's constitutional power "to lay and collect taxes, duties, imposts and exercises ... to regulate commerce with foreign nations" has become more difficult to predict in its exercise.

"There are only about two dozen people in Congress who care about trade policy and theory. Virtually everybody else approaches it on local, political grounds. There hasn't been an effort to build a coalition on trade issues for a long time. The cars issue last year (when some in Congress wanted restrictions on Japanese car imports)—that never came to a vote. Congress is expert at generating heat," said one member of staff.

The heat now is fuelled by the basic political reaction that no votes are ever won by acquiescing in the loss of jobs. It is a more powerful and immediate response than a restatement of the principles of open trade, with which U.S. rhetoric has been traditionally associated up until now.

Thus, on a recent Administration count, there were at least 14 bills in Congress which had within them a protectionist element. Hence the emergence of "reciprocity" as a slogan widely circulating as a comprehensive remedy.

At one level, reciprocity fits neatly into the basic principle of the General Agreement on Tariffs and Trade (Gatt), the basis of the open trading system. This holds that all countries grant one another equal treatment and that no country is given a special advantage in the market of another. In other words, everybody benefits from what everybody else is doing.

But at another level, reciprocity means that if one nation does not lower its barriers to trade, the U.S. will raise its own. In this sense it could mean that if Japan refuses U.S. beef, the U.S. will refuse Japanese semi-conductors.

The notion of reciprocity, however, is not new. The U.S. Trade Act of 1974 empowered the President to negotiate trade agreements to assure reciprocal trade benefits and in particular fair treatment and equitable market access for U.S. exports. Then, the Senate Finance Committee said: "The U.S. should not grant concessions to countries which are not willing to offer substantial equivalent competitive opportunities for the products of the U.S. in their market as we offer their products in our market."

If there is a middle definition, it is that from the Senate. But the tone of the present debate in the U.S. gives the idea of reciprocity a harder edge. Specifically, if the U.S. does not feel Japan makes quick enough progress in dismantling its barriers so that the trade deficit may be reduced then retaliation will be forthcoming.

The extension of such a process would mean that the U.S. would conduct its policy not on a multilateral basis in accordance with Gatt principles, but on a bilateral basis. "It would not be long," said Mr Allan Gotlieb, the Canadian Ambassador in the U.S., "before we recreated the 'beggar-thy-neighbour' approach of the Great Depression. And, one thing is certain: if international trade shrinks, we shall all be the losers."

Already the principle of reciprocity—taking a look at the degree of U.S. access to a foreign market as a condition for allowing outside suppliers or investors into the U.S.—has been adopted in bills dealing with dealing with telecommunications, buses and services. This, in the view of critics, opens the possibility of U.S. regulatory agencies waging their own private trade wars.

So far, Mr Lionel Olmer, Under Secretary for International Trade at the Commerce Department, emphasised, there is no Administration position on reciprocity. But, he said: "New approaches to old problems are necessary." As another trade official put it: "If others are not willing to take responsibility, maybe we'll have to re-think the system in our own way." In other words, if the Administration does not feel it has won its way with Japan and the EEC over the next six months, then some form of action against them looks likely.

What the action will be is unclear. But it is evident that an Administration which has based its policy on winning greater access to world markets for services and investment has become annoyed at what it feels is a lack of movement among its trading partners. It has looked increasingly belligerent, falling back on the idea that the "new proponent of reciprocity legislation put it, "conciliation is enhanced by aggression."

Syrian uprising presents potent threat to Assad

BY PATRICK COCKBURN

THE UPRISING in the northern Syrian city of Hama, combined with reports that military units have joined the rebels, is the greatest threat to face the regime of President Hafez al-Assad since he took power 12 years ago.

His Government and the ruling Baath party have always been most wary of the two threats to it posed by the army and fundamentalist Islam. So far, these dangers have remained separate. But the wholesale arrest of conspirators in the armed forces in January, and the rebellion in Hama may indicate that they are coming together.

For the past three years, rebellion has simmered in Syria's northern cities, notably in Aleppo, Hama and Homs. In one incident, in June 1979, 32 military cadets were gunned down in Aleppo by extremist Moslem Brotherhood guerrillas. Thereafter, the Government cracked down on them ruthlessly, in spite of an assassination campaign against officials and Baath party members.

The conflict is heavily influenced by the sectarian divisions within Syria. Mr Assad and leading members of the regime come from the Alawi sect, which dominates the senior ranks of the army, Baath party and the security services. But the Alawi only make up about 12 per cent of the population, compared to the 69 per cent who belong to the orthodox Sunni sect. The Moslem Brotherhood have continually emphasised sectarian animosities.

By the beginning of last year, the Government seemed to have got the Moslem Brotherhood under control, but over the last six months there have been a series of major bomb explosions in Damascus, the last of which left more than 100 dead.

To try to safeguard officials and public buildings, the streets of the Syrian capital are now filled with troops of the regime's praetorian guard, the Special Defence Brigades, dressed in their distinctive brick red and green camouflage uniforms.

But the loyalty of the army is the crucial test for the regime. It was this which was put in doubt by the arrest and execution of officers in January. With a total strength of 247,500 men, the Syrian armed forces include 140,000 conscripts. In spite of Alawi dominance, most soldiers are drawn from the Sunni community. The Government has always been nervous in the past in putting their loyalty to the test by making them fight in the streets against people of the same religion.

So far, the fighting in Syria in confined to Hama, according to officials in Washington, and the Government in Damascus will seek to stop it spreading. Dissidents in exile claim that the ninth division of the Syrian army, used as a rapid deployment force, was moved to Aleppo at the end of January, and that there has also been fighting in Daraa in the south.

Last year, Mr Assad was able to shore up his position within Syria by emphasising his nationalist credentials during the missile crisis in Lebanon. At the same time, he attacked Jordan and Iraq for supporting the Moslem Brotherhood and strengthened his relations with both the Soviet Union and Iran.

The fighting in Hama indicates that the Brotherhood have not been weakened. It is possible that the heavy handedness of the regime's repression will lead to a more general popular revolt. But the crucial test, for both rebels and the Government, is the attitude of the army.

OAU offers settlement for Chad civil war

BY OUR FOREIGN STAFF

THE ORGANISATION of African Unity (OAU) has proposed a three-phase settlement to the civil war in Chad, culminating in the withdrawal of the organisation's peacekeeping force on June 30.

The proposal came at the end of a two-day meeting in the Kenyan capital, Nairobi, of the 13-member OAU standing committee on Chad.

But there was no immediate response from the country's leader, President Goukouni Oueddei, who had challenged the right of certain OAU members to discuss Chad's political affairs.

The resolution calls for a ceasefire on February 28, presidential elections in May or June, and the withdrawal of the 3,000-strong OAU peacekeeping force on June 30.

Negotiations between rival forces, including those led by the ex-defence Minister, Hissene Habre, are supposed to begin on March 15.

Two issues appear to have been behind the settlement plan:

- The cost of the peacekeeping force sent to Chad last December to replace Libyan troops. This is put at $163m (£90m) a year, beyond the resources of the OAU;
- Fears that if no political solution is found, the undermanned OAU force would be caught up in the 20-year conflict.

Unless President Goukouni and Mr Habre agree to the plan, it clearly has little chance of success. This would leave the OAU in the invidious position of choosing between maintaining an expensive and potentially dangerous role, or withdrawing.

The Somali government of President Mohammed Siad Barre, an ally of the U.S. in the volatile Horn of Africa, has crushed an army mutiny in the north of the country after several days' fighting, according to diplomats and Somali dissidents, Reuter reports from Nairobi.

Australia's overall payments deficit up

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIA's balance of payments continued to weaken last month, with the overall deficit for the seven months to January rising to A$1.7bn (£1bn). This compares with A$1.3bn in December.

Mr Malcolm Fraser the Prime Minister and Mr John Howard, the Treasurer, have ruled out devaluation, but they are under pressure from exporters, notably farmers and miners, who believe the Australian dollar's exchange rate is too high and is adversely affecting the competitive position of exporters.

The Australian dollar, after rising rapidly by 10 per cent against a basket of seven currencies to the middle of 1981, has slipped back in the past seven months, and most observers believe it will continue to decline gradually until the middle of this year.

The A$1.7bn deficit revealed yesterday by the Bureau of Statistics compares with a surplus of A$294m for the seven months to January 1981. Australia's fiscal year runs from July 1 to June 30.

In the seven months to January this year, the value of exports fell 3 per cent compared with the same period the year before, mainly because of low commodity prices. The value of wheat and sugar exports were both down 30 per cent.

Imports rose 16 per cent with significant increases in machinery and transport equipment (up 25 per cent) which is mainly attributable to the rapid expansion now under way in the resources sector.

When invisibles such as shipping and insurance are taken into account, the current account deficit is just over A$5bn compared with A$2.6bn for the same period in 1981.

Foreign investment is running at about last year's record levels. Net apparent capital inflow, excluding government borrowings, was A$3bn. This is A$429m higher than in the corresponding period the year before.

The Government will probably resist a sudden devaluation because it is committed to control the inflation rate, which rose in the December quarter to an annual rate of 11.3 per cent.

Figures released yesterday show unemployment has risen to 6.4 per cent of the workforce, causing Mr Neil Brown, the Employment Minister, to warn that Australians were pricing themselves out of jobs with recent high wage settlements.

Deng 'still holds all his posts'

China yesterday moved to dampen speculation about Vice-Chairman Deng Xiaoping, 77, who has not been seen in public for a month, by saying he retains all his posts, Reuter reports from Peking.

A Foreign Ministry official said Deng was still chairman of the Communist Party Military Commission, as well as party Vice-Chairman and Chairman of the Chinese People's Political Consultative Conference.

Call to free 1,000

An Egyptian court has suspended the late President Anwar Sadat's emergency regulations of September 5 last year, and called for the immediate release of over 1,000 people still in detention, Our Cairo Correspondent reports.

Tunis talks today

Arab Foreign Ministers meet in Tunis today at Syria's request, to discuss possible sanctions against Western states regarded as having implicity supported Israel's annexation of the Syrian Golan Heights, Reuter reports.

Rick Wells in Khartoum describes the dilemma facing Nimeiri over separatist tensions

Tribal antagonism threatens Sudan's stability

THE FINEST achievement of President Jaafar Nimeiri of Sudan is always said to be the settlement in 1972 of the 17-year civil war between the mainly Moslem north and the non-Moslem south. But now, the stability of the southern region is threatened by fierce antagonism over whether to divide it.

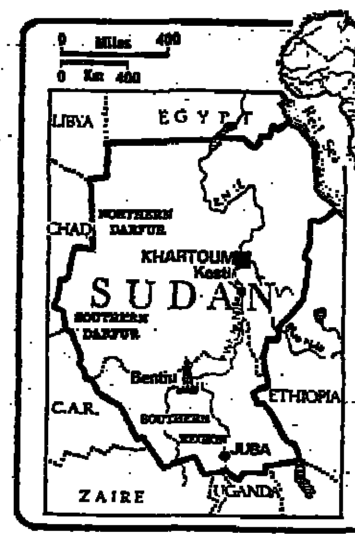
The south is a vast area of forest, savannah and swamp around the Upper Nile, which in itself is larger than many African states. It has agricultural potential, but its development is crippled by its remoteness from the outside world and bad communications. Nevertheless it cannot be ignored. Just inside its border with the North lies much of the oil recently discovered in Sudan, on which the country's long-term economic future is based. Renewed conflict in the south could be exploited by Sudan's neighbours, such as Libya and Ethiopia.

The south is now split into two potentially hostile camps. Tribalism, as ever, is the root cause of the problem. The leader of the cause of division is Mr Joseph Lagu, former president of the semi-autonomous High Executive Council of the Southern Region, who feels strongly that a conspiracy of Dinkas, the largest and most powerful tribal grouping in the present region, was responsible for his fall from power in 1980. To break Dinka domination, particularly of the police and administration, Mr Lagu wants the creation of a separate region out of the two southernmost provinces of Eastern and Western Equatoria. Mr Nimeiri, who is committed to decentralisation in the north, feels the same thing should happen in the south.

The debate over the issue became so heated last year that Mr Nimeiri banned it from public discussion. The regional government, headed by Mr Abel Alier, a Dinka and an old adversary of Mr Lagu, struggled to maintain credibility against a background of political quarrels and disasters, many of which had an underlying tribal cause.

Violence—provoked by food shortages and drought—broke out between some of the 40,000 Ugandan immigrants now in the south and indigenous tribes, including the Dinka. Non-payment of salaries to government employees throughout the region for up to six months caused strikes and an outcry against nepotism and corruption in the administration.

The choice of the town of Kosti in the north, instead of Bentiu near the oilfields in the south as the site for Sudan's new oil refinery caused violent incidents. The southerners felt that they had been cheated.




President Nimeiri

To northern politicians, these were further reasons why the troublesome southern region—which also appeared to them to be resisting the Islamicisation they desired—should be divided. This would make it more governable. It was also thought in Khartoum that Mr Aliers' administration was biased against dividing the south.

Finally, in October, Mr Nimeiri dissolved the regional assembly and set up a six-month transitional government, headed by Major General Rassas, commander of the military staff college in Khartoum, who was previously unheard of in southern politics. The body was to preside over new elections and a referendum on the issue of division. Opponents of the proposed division such as Mr Bona Malwal, a former national Minister of Information, claim the methods being used to achieve it are unconstitutional. "What in fact is being done," he alleges, "is to weaken the south by removing the hard won political, economic and security guarantees and subjecting the south to laws that now govern the northern regions."

The arrest of 21 prominent southern politicians during the elections in December, following the despatch of a declaration to Mr Nimeiri which stated their aim of campaigning for the continued unity of the southern region, intensified suspicions of the President's intentions. The politicians were accused of forming an illegal political party and attempting to procure funds from Libya. Twelve of them were released in early January with no charges, but five, including Mr Clement Mboro and Mr Joseph Oduho, await trial in Khartoum's Kober Prison.

But in spite of accusations that the 15-man administration of Mr Rassas is biased in favour of decentralisation, a degree of stability has been maintained throughout the elections for the national assembly.

When the National Assembly meets shortly, it should vote on the proposed amendment of the Addis Ababa Agreement of 1972, which guarantees the unity of the present southern region. A three-quarter majority in favour of amendment, ratified by a two-thirds majority in a plebiscite in the south is required before such a change may take place.

However, it is also a principle of the constitution that decentralisation should be given to any region which asks for it. Ultimately, if Mr Nimeiri feels that Equatorians have a strong enough case for separation, he can grant it.

Judging by the lack of achievement by previous govenments of the south, the problems of governing the whole region from Juba are enormous. Undoubtedly, the self-interest of personalities, parties and tribes is largely responsible for lack of development.

Ratepayers in Lambeth may receive cash refund

By Robin Pauley

RATEPAYERS IN the London borough of Lambeth will receive a cash refund if the Conservatives are elected to office in May and the Government alters its new legislation to make rate reductions legal.

Mr Robin Pitt, leader of the Conservative opposition, said the average repayment to domestic ratepayers would be about £50. He was planning to cut the council budget by about £8m, but increased government grants resulting from lower spending would mean the amount of cash to be shared out would be £10m-£11m.

The largest cheque, in fact, would be paid to the Labour-controlled Greater London Council, which has its headquarters within Lambeth. It would receive £1.2m, followed by the Shell Centre which would get nearly £700,000.

The repayments are, in effect, a 20p in the pound supplementary rate in reverse. Lambeth, under the leadership of Mr Ted Knight, levied a 20p supplementary rate last year.

He is now proposing a 12p reduction in Lambeth's rate and has imposed strict cash limits on each department within the council because the Labour group has become increasingly aware of inroads made in its traditional support by the new Social Democratic Party.

Before the refunds could be made, the Government would have to amend its Local Government Finance (No. 2) Bill now passing through Parliament. The Bill bans supplementary rates and therefore makes it impossible to levy any second rate during the course of a financial year.

Mr Pitt's plan would require permission for a second rate to be levied so long as it was a reduction rather than increase in the overall rate bill for the year. This is because the 1982-83 rate will already have been fixed by the time the local elections are held in May.

The Government is understood to be sympathetic to the plan and is likely to accept an amendment by Mr Tony Durant, Tory MP for Reading North and chairman of the party's backbench committee on environment.

If the Conservatives win, they do not plan cuts in essential services but severe staff pruning involving some compulsory redundancies.

Other measures would include:

- £1m to be cut from the £3m overtime bill;
- £100,000 off the consumer advice budget;
- £2m to be saved by selling 2,000 empty homes;
- £500,000 by phasing out the meals subsidy to council staff;
- increasing the price of meals-on-wheels by 10p to 30p;
- raising council house rents by £3.50 in July instead of £2.50 in October.

Massey-Ferguson to cut 725 jobs at Coventry

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

MASSEY-FERGUSON plans to cut the workforce at its Coventry plant by 725 as part of a major effort to put the group's operations on a more efficient footing.

Trade union representatives were told earlier this week that the company hopes the redundancies will be achieved on a voluntary basis. It plans to cut 475 production jobs and 250 staff jobs. This will bring the workforce at Coventry down to 5,425, and the total of jobs lost at Massey-Ferguson plants in the UK since 1978 to 4,500.

Massey-Ferguson says the reason for the latest redundancies at Coventry, the largest plant in the group's worldwide structure, is the continuing flatness in the market for tractors and the urgent need to improve cost effectiveness to remain internationally competitive.

Since Massey-Ferguson concluded its financial restructuring last year, the tractor market has shown little sign of the recovery the group had predicted. Many industry experts forecast that the North American market—an important outlet for Coventry production—will decline this year. Massey - Ferguson confirmed recently that it has approached its bankers for a temporary relaxation of some of the provisions in the refinancing package.

Late last year Mr Michael Hoffman, a former chief executive of Massey - Ferguson's Perkins subsidiary, was brought back to the UK from the group's Toronto head office to conduct a review of all Massey-Ferguson group operations outside North America. The redundancies at Coventry are the first tangible results of the review, which is still going on.

Employment in the tractor industry in the UK has contracted considerably over the past three years in response to the market's weaknesses and the financial problems of two of the multinationals manufacturing in the UK, Massey-Ferguson and International Harvester. Another 225 job losses at International Harvester's Doncaster plant were announced this week as a result of the group's decision to concentrate its European product engineering services in West Germany.

British Aluminium sheds 40 jobs

BY MAURICE SAMUELSON

BRITISH ALUMINIUM, which recently closed its Invergordon smelter with the loss of 890 jobs, yesterday confirmed that it was shedding 40 staff jobs at its Falkirk rolling mill, where about 900 people are employed.

The company said the latest redundancies, 11 of which will be voluntary, were "rather minor" compared with the total workforce at Falkirk, and that they were part of a recovery plan to get it on to a sound basis.

Meanwhile, talks are continuing between the Scottish Office and the electricity authorities over a power price formula which could enable Invergordon to be reopened. The Highlands and Islands Development Board, which is at the centre of the talks, has imposed a news blackout on them for fear of raising undue hopes.

- British Aluminium has asked us to point out that although high electricity rates led to the closure of its Invergordon aluminium smelter, power supplies were not cut off because of unpaid bills (as stated in yesterday's Financial Times.)

On the contrary, before the closure took place it reached a settlement with the Scottish electricity authorities terminating its long-term power contract by mutual agreement.

- Herberger Brooks, the makers of piano keyboards and actions, of Long Eaton, Derbyshire, yesterday declared 65 workers redundant.

The company said that after building up to 500 workers in 17 years, it had been forced to reduce to 300 because of a drop in demand from its main markets in Europe and the U.S.

The latest redundancies are the second wave within 12 months.

Status of Chief of Defence Staff boosted

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

MR JOHN NOTT, the Defence Secretary, has increased the authority of the Chief of the Defence Staff, Britain's top military post, within the hierarchy of the Ministry of Defence.

The move is apparently designed to lessen the political influence of the individual armed services and their chiefs in the Defence Ministry.

However, in what is obviously a politically sensitive area the ministry yesterday would only say that the first priority of the Chief of Defence Staff—currently Admiral of the Fleet Sir Terence Lewin — will now be to give ministers independent advice, instead of primarily acting, as before, as the spokesman of the chiefs of the three armed services.

The army, navy and airforce chiefs, it was emphasised, would retain their right of direct access to the Defence Secretary and the Prime Minister.

The ministry described the move as a change of emphasis, which had nothing to do with the row earlier this week over the military leaders' right to appear before the Tory backbench defence committee.

It was made known in a letter to Mr Cranley Onslow, the chairman of the House of Commons Select Committee on Defence,

The changes, which are to take effect immediately, are in line with the recent abolition of the posts of individual ministers to represent each of the three armed services.

N. Sea exploration increase continues

BY MARTIN DICKSON, ENERGY CORRESPONDENT

EXPLORATION drilling for oil and gas in the UK sector of the North Sea maintained an upward trend in the last quarter of 1981, according to Gaffney, Cline and Associates, the international energy consultants.

Their North Sea indices show that exploration activity has been rising in the UK and other European countries for nine months.

Although no discoveries were reported in the UK during the last quarter of 1981, Gaffney, Cline say there is no evidence that the relatively high average success ratio in the North Sea will not be maintained.

But their indices for the development of new fields in the UK sector and expenditure on construction are fairly constant, pending government approval of new development plans.

- Sun Oil of the U.S. yesterday denied speculation that it might give up the operatorship of the UK's Balmoral field or sell off part of its interest in the block.

But it would not comment on reports that it had been considering a merger of its North Sea interests with an independent UK oil company.

Sun Oil said it would continue to explore "certain strategic directions and decisions for the purpose of enhancing its future."

Royal Bank seeks new sense of direction

By William Hall and Mark Meredith

THE Royal Bank of Scotland Group has established a full-time chief executive's office and reshuffled its senior management as part of a plan to give the group a new sense of direction following the failure of its attempt to merge with Standard Chartered Bank.

Mr Sidney Procter, the chief executive of Williams and Glyn's Bank, the English subsidiary, is to take over the new job of full-time group chief executive. He will be based in Edinburgh and will be independent of the day-today operations of the two banks.

He will co-ordinate the activities of Williams and Glyn's Bank and the Royal Bank of Scotland and the development of group strategy for future growth. Until now, the two banks have operated as separate entities with their own management styles, computer systems, marketing departments, etc.

Mr John Burke, aged 58, who had held the part-time job of group chief executive for the last 5½ years, as well as being chief executive of the Royal Bank of Scotland, has been appointed full-time deputy chairman of the Scottish subsidiary.

Mr Bill Dacombe, aged 48, moves from being assistant chief executive of William's and Glyn's Bank to devote himself full-time to group planning and development. In particular, he will look after new acquisitions.

Mr Charles Winter, aged 48, takes over as managing director of the Royal Bank of Scotland, and Mr Maurice Davenport, aged 57, takes over as head of Williams and Glyn's.

Sir Michael Herries, the group's chairman, stressed yesterday that the group had not developed any new strategy for over a year while the outcome of the £500m rival bids by Standard Chartered and Hongkong and Shanghai for the group were decided.

In the event, the Government endorsed the Monopolies and Mergers Commission's decision to turn down both bids, and this has forced the group to rethink its long-term strategy completely.

Mr Procter said that, over the long term, the group would want to merge more and more of the two banks' functions but stressed that this was fraught with difficulties and would not be entered into hastily.

Areas such as harmonising computer systems, marketing objectives and career development were areas where progress could be made initially. However, he said, the Royal Bank of Scotland would be encouraged to open branches in England.

Sir Michael Herries made a special point of saying that the group's headquarters would remain at St. Andrew's Square, Edinburgh. Mr Procter, is to move to Edinburgh.

Outlining the Royal Bank's strategy, Sir Michael said Scotland was fully banked and the group would be looking overseas for expansion.

British Telecom makes £140m profit from tariff increases

BY JASON CRISP

BRITISH TELECOM made a profit of £140m in the six months to September 30 1981 compared with a loss of £19m in the same period the previous year. The return to profitability is almost entirely due to tariff increases.

For the first time in three years British Telecom expects to meet its government set target of a return on capital of 5 per cent for the full year. The second half of the financial year normally shows significantly higher profits.

In the full year to March 1981, British Telecom had a profit of £181m on an income of £4.6bn. Income in the first half of the current financial year was £2.6bn compared with £2.1bn the previous year.

British Telecom warns that it is considering new accounting policies with the Government which would have substantially reduced profits if they had been adopted in the first half of this financial year. Because of competition British Telecom may write off more costs in the year in which they are incurred.

Depreciation in the first six months of the current financial year was charged at £702m, including supplementary depreciation on a replacement cost basis.

The Telecommunications Users Association called on British Telecom to hold prices for the rest of this calendar year. A spokesman said the TUA was particularly disappointed that the improvement in profits was almost entirely attributable to price increases.

In the six month period a further 280,000 lines were connected to the network to give a total of 18.7m exchange connections. The volume of calls was 4 per cent greater than a year ago.

In a recent letter to employees, Sir George Jefferson, chairman, said BT's running costs rose at double last year's rate of inflation and staff levels and wages grew by 31 per cent in 1980-81, after rising 18 per cent in the previous year.

The results for the first half this year, are after charging £90m interest under a Deed of Covenant with the Post Office pension fund to eliminate the deficiency from when the Post Office was a Government department.

In the full financial year British Telecom expects to invest £1.9m on new plant and equipment, of which 35 per cent is financed from its own cash flow. British Telecom is still discussing the issue of profit-related "Telecom Bonds" with the Government which would raise finance in future years.

Sotheby's completes sale of Norscot contents

SALEROOM

BY ANTONY THORNCROFT

SOTHEBY'S has just completed a major house sale in South Africa, disposing of the contents of Norscot at Sandton near Johannesburg for £583,476. Top price was the £21,978 paid for a late 18th century armoire of stinkwood and beefwood, made in the Cape.

Bonhams has cornered the market in picture frames, and yesterday it sold frames to the value of £27,320. A feature was a collection of 18th and 19th century frame makers' moulds which sold for £2,470, fetching individual sums up to £160 for a mould with acanthus leaves. An 18th century French giltwood frame made £750.

- MR PAUL CHANNON, Minister for the Arts, has decided to suspend licences to export a painting by George Stubbs, RA, entitled Gimcrack, with jockey up, on Newmarket Heath, a pair of French flintlock presentation pistols by Nicholas Noel Boutet, and a George II giltwood console table by John Vardy.

The licences for the painting and the table will be withheld for four and three months respectively, to give public collections in the UK an opportunity to offer to buy them.

The owner of the pistols does not wish to sell them, and an export licence for them will be therefore suspended indefinitely.

Cancer research appeal

BY LISA WOOD

AN APPEAL was made yesterday by the Cancer Research Campaign for more companies to support its "500 group" which hopes to raise more than £1m to extend cancer research at the Department of Cancer Studies at the University of Birmingham.

The group, which already has 85 members who have given pledges to raise £250,000, said that if 500 companies each pledged £2,000 the target would be met.

The money will be used to build facilities for the department of cancer studies at Birmingham,

Wellcome Foundation tops profit league table

By Tim Dickson

WELLCOME FOUNDATION, the medical, veterinary and pharmaceuticals group, is still the most profitable of Britain's top 2,000 private companies, according to Jordan and Sons, the publisher and company information specialist.

In the 1982 edition of Britain's Top Private Companies published yesterday, Wellcome's pre-tax profits for the year to the end of August 1980 are shown at £48.1m. Next comes John Swire and Sons, the transport group, with taxable profits to the end of 1980 of £31.4m, followed by Heron International (motor and motorcycle distribution and petrol retailing) at £13.2m for the 12 months to March last year.

Littlewoods, which was 2nd in last year's table, has dropped to 5th place with profits of £11.5m in 1980 (down 72.32 per cent). Weetabix just made the top 20 with a 368.9 per cent increase in profits in the year to July 1980.

Britain's Top Private Companies, £36 post free in the UK from Jordans, Jordan House, Brunswick Place, London N1 6EE.

Welsh expansion

DEMAND FOR factory space in Wales has increased significantly in the past year in spite of the recession, according to the Welsh Development Agency.

The agency has allocated 165 advance factories, amounting to nearly 1.2m sq ft of industrial space, to new tenants in the first nine months of the current financial year, compared with 94 in the whole of 1980-81.

Sick notes proposal

THE GOVERNMENT yesterday referred its scheme for workers to supply their own sick notes for periods up to seven days to the Social Security Advisory Committee, the scrutinising body for most social security matters.

The British Medical Association has been advocating self certification for several years. The Health Department estimates that the new scheme will cut the number of doctors' certificates for illness from 20m a year to 17m.

Stockbrokers merge

FRANK H. STATHAM and Duff Stoop, two medium sized stockbroking firms are to merge. The new firm will be called Statham Duff Stoop and operate from Duff Stoop's offices from March 1.

Glass making revival

Jobs a year ago when the Royal Doulton Webb Corbett cut glass company closed at Tutbury near Derby, yesterday lit a furnace to mark the start of a new company on the old premises. Many of the 32 used their redundancy money to pay for the venture.

Accountancy inquiry

THE ACCOUNTANCY profession has appointed a committee of inquiry to look into "matters of public concern" which it believes have been raised by a Department of Trade inquiry into two once-quoted companies, Gilgate Holdings and Raybourne Group.

The department published a long report on its inquiry in September, which reviewed a morass of company law infringements by several firms between 1967 and 1980. It censored a number of executive and non-executive directors involved in the firms' affairs and criticised two firms of auditors, Thornton Baker and Gerald Edelman.

Turbine modification

MODIFICATIONS costing about £500,000 are being made to turbine units at the Central Electricity Generating Board's pump storage scheme at Dinorwic, North Wales.

Commissioning trials on the first of the six units resulted in overheating of the generator motor and overloading of the bearing from which the turbine's rotating parts are suspended.

Jersey delegation appeals over charter flights

FINANCIAL TIMES REPORTER

A DELEGATION from Jersey will meet official from the Home Office and the Department of Trade today to try to overrule a decision to licence a series of charter flights to the island from Gatwick this summer.

The Civil Aviation Authority has granted a licence to Britannia Airways/OSL.

Last year the company persuaded the authority to give permission for charters to Jersey, using 130-seat Boeing 737 aircraft, from five UK airports. Because of the recession and late marketing, only two routes were finally used.

The Jersey authorities and British Coledonian, which flies from Gatwick to the island all year, have appealed against the decision to the Secretary of State for Trade, Mr John Biffen. The appeals are expected to be heard later this month.

Jersey fears that by creaming off some of the summer tourist traffic the charter flights could make the route uneconomic for British Caledonian and for the island's industry.

The Jersey authorities are also worried that in the longer term the Gatwick charters could be the thin end of the wedge, depriving the scheduled airlines of an increasing amount of holiday traffic on what the Channel Islands see as their three "lifeline" routes — from Heathrow, Gatwick and Southampton.

The Channel Islands are in an anomalous position over the licensing of their air routes. The aviation authority is obliged to consult the islands Air Advisory Council about applications which affect the islands, but does not have to take any notice of its recommendations.

BA cautious on Laker route bids

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS will not be bidding for the former Laker Airways routes between Gatwick and New York, Miami, Tampa and Los Angeles. But it will try to pick up additional traffic from the routes. The airline already flies to the four U.S. cities from Heathrow.

Mr Roy Watts, deputy chairman and chief executive, in a message to BA's staff following Laker Airways' collapse last week, said "we are not going after bits of the (Laker) operation that won't pay off quickly, because the name of the game for British Airways in 1982 is cash.

"We are emphatically not going to borrow money we don't have in order to buy expensive aeroplanes for low-fare passengers in a cut-throat market.

"If that sounds like caution, so be it. I'd call it realism. That, to put it bluntly, is exactly the hole that Laker Airways fell into. We do not intend to follow them into it, and I think it will be a long time before anybody else in the industry does, either."

But Mr Watts said BA would fight to pick up traffic formerly carried by Laker Airways. "In many cases, we can carry a great many extra passengers on our existing services at little more than the marginal extra cost of looking after them in flight."

He said British Airways was not interested in returning to the Manchester-New York operation, "because we couldn't make money on it, and our information is that although Laker Airways took over the route from us, they couldn't make it pay either.

"On the other hand, we are very interested in the Gatwick-Zurich licensed, and we shall apply for it."

He said the company would expand where expansion was financially justified. "We shall replace the present Heathrow-New York TriStar service with a 747 to cope with extra demand, and we also plan to expand our capacity to Los Angeles.

"Airtours already operate package charters to Tampa, and we don't plan to change that, because we think Tampa is essentially a charter market and not a scheduled service one.

"We shall go hard for the extra business where we can get it profitably, either by filling empty seats on existing services, or using spare flying time on existing aircraft."

Mr Watts hoped that nobody in British Airways "has been so foolish as to rejoice at what has happened; our own financial position gives us little enough cause for satisfaction."

Trident concedes court battle and wins breathing space

Duncan Campbell-Smith examines the London casino scene

THE DEMISE of the British Bunny will be the most obvious consequence of Trident Television's decision to close two of its three London casinos next week, pending hearings in May for fresh licences.

Trident has opted to jettison court appeals against the licensing authorities, which accepted police and Gaming Board objections to the two clubs last October.

If successful, the appeals would have made fresh licences unnecessary. But if unsuccessful, they risked stoking up endless legal fires which Trident might have had difficulty subduing by May.

By closing the clubs on Monday, Trident is hoping to build a secure firebreak—setting three or more dormant months between the putative resumption of the clubs gaming activities and their Playboy past.

It is debatable how much the conduct of the appeals might have done to clarify the mass of legal rulings which provide the gaming industry with a guide to the effective powers of the 1968 Gaming Act.

The other main guide to those powers is the supervision of the Gaming Board. So the second consequence of the Trident decision, is what it suggests about the Gaming Board's attitude to Trident itself and to the present state of the industry in general.

The Gaming Board has withdrawn objections to Trident's Victoria and provincial casinos. No charges of malpractice were laid against them last year—they were merely tarred with the Playboy brush by dint of common ownership.

In granting certificates of consent to Trident to apply for new licences for the Playboy and the Clermont—the direct cue for Trident's closure announcement on Wednesday—the Gaming Board has satisfied itself on four counts.

It has deemed Trident capable of diligence under the 1968 Act and able to conduct gaming fairly and properly. It considers that public disturbances are unlikely to arise from Trident casinos. Above all, it has looked at Trident's character, reputation and financial standing and has concluded that it is a fit and proper entity to join the industry.

The danger for Trident was always that the fact of buying its casinos from Playboy might alone have been enough to spoil the "fit and proper" label. Lack of gaming management experience was also a potential problem.

Gaming Board fears that Playboy might have escaped any damage by selling out—the basis of one objection to Trident's "fit and proper" status—appear to have been dispelled by the sale price. Playboy received £1.4m less than the £16m which the casinos earned pre-tax in their last financial year.

Trident's recruitment of some key management figures, including a former police deputy assistant commissioner, Mr Peter Neivens, must also have weighed in the board's apparent acceptance of Trident's case that, by May, the Playboy and Clermont will have been restructured.

The licensing magistrates will now accept or reject Trident's applications for licences in May after hearing objections raised by any third party and after considering various factors broadly similar to those already examined by the board.

They may also consider the imposition of special conditions, such as curtailed opening hours, on any licences issued.

The May hearings introduce one new factor—demand. Indeed, the Gaming Board itself could even step forward and object to licences on grounds of inadequate demand.

Punters in 125 casinos around the country spent £636.7m in the year to last August against £661.5m the year before, but demand in the capital is notoriously hard to forecast or even measure.

Trident is expected to point to the contraction of the London gaming scene over recent years as a fillip for the remaining clubs.

Four Ladbroke clubs and the Curzon House casino have closed. The Knightsbridge Sporting Club and the Olympic face closure, with legal hearings due on March 15. Maxim's could yet close next week unless the courts are satisfied with a recent review of its ownership.

This would leave 16 casinos in London—five owned by Grand Metropolitan's Mecca subsidiary, two by Lonrho, six by private owners and three by Trident.

Trident believes this is a healthy quota for the capital. If its view prevails, the eventual emergence of three clubs under the Trident banner could yet mark the industry's relief from the legal seige which has surrounded it for the last three years.

Two Law Lords dissent as contempt verdict is upheld

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

FIVE Law Lords yesterday disagreed radically about whether Ms Harriet Harman, legal officer of the National Council for Civil Liberties, was in contempt of court when she showed a journalist confidential Home Office documents after they had been read out in open court.

Three, while accepting that Ms Harman had acted in good faith, held that she had been in contempt. They dismissed with costs her appeal against the unanimous decision of three Appeal Court judges upholding the contempt finding made against her in the High Court.

But in a joint dissenting judgment, Lord Scarman and Lord Simon of Glaisdale came out in Ms Harman's favour.

Once documents had been produced in open court they became public knowledge and their subsequent disclosure could not be contempt, they said. The requirement of public justice and the right to freedom of communication overrode all other factors in the case.

Ms Harman said afterwards that she would take the case to the European Commission of Human Rights in Strasbourg.

The documents related to Home Office policy on the controversial, and since abandoned, special control units in prisons. They were disclosed to Ms Harman when she acted for a former prisoner who sued the Home Office over his detention in a control unit.

The disclosure was part of the process of "discovery", by which parties to litigation are obliged to produce all relevant documents.

There is an implied undertaking by a solicitor receiving such documents to use them only for the conduct of the case and not for any "collateral or ulterior purpose."

The complaint against Ms Harman was that she allowed Mr David Leigh, then a journalist on the Guardian, to see the documents, knowing that he wanted to use them to write a feature article critical of the Home Office.

Lord Diplock stated firmly that the case "is not about freedom of speech, freedom of the Press, openness of justice or documents coming into the public domain."

It concerned the requirement to disclose documents in the interests of justice. That was an inroad into an individual's right to keep his documents private and called for safeguards against abuse.

The public interest in litigants making full disclosure and not being inhibited by fears about what use might be made of the documents, made it necessary that the solicitor's undertaking should not end when the documents were read out in court.

It was irrelevant that the contents of documents could be ascertained by anyone willing to buy a transcript of the tape recording of the court hearing.

Lord Diplock said the rule would not prevent lawyers showing journalists documents to help them write accurate report, of the proceedings. But Ms Harman had known that Mr Leigh wanted the documents for a feature article incidental to the case.

Lord Roskill said the implied undertaking gave a litigant substantial protection against wider publicity than was necessary for the proper conduct of an open court trial. It was crucial that that should not be eroded.

Lord Scarman said a system of law that recognised the right of freedom of communication in respect of matters of public knowledge could not decently or rationally exclude a litigant and his solicitor.

None of the Home Office's arguments justified such a discriminatory and unnecessary exclusion from a right which was a fundamental freedom, required by the European Convention on Human Rights to be secured for everyone in the UK.

Justice was done in public so that it might be discussed and criticised in public.

"Moreover, trials will sometimes expose matters of public interest other than the judicial task of doing justice between the parties in the particular case.

"We believe the true path forward is to ensure that our law develops in a way consistent with the obligations accepted by the UK in the UK in the European Convention," said Lord Scarman.

Reforms urged for civil courts

A. H. Hermann, Legal Correspondent, reviews the 16th annual report of the Law Commission

A CALL for radical experiments aimed at the removal of waste in time and money in civil courts is made by the Law Commission in its annual report.

The commission, which reports to the Lord Chancellor on law reform, says that not only lawyers but also other users of law should be consulted, and adds "for this purpose valuable help must be obtained from those skilled in the analysis of working methods and administration in commerce . . ."

The commission's work on commercial and international law received an impetus during the chairmanship of Sir Michael Kerr from 1978 until last October when he was appointed Lord Justice of Appeal. He was succeeded by Sir Ralph Gibson who, as a Queen's Bench judge, is also familiar with the legal problems of business. The commission, which has five members, is assisted by a staff of 23 lawyers.

The Sixteenth Annual Report of the Law Commission, published today, reviews the work completed in the period 1980-81, and also provides a picture of the large amount of work on law reform and consolidation of statutes which is in progress.

The number of proposals to reach the statute book is much less impressive. The implementation of reform and improvement proposals seems to be hampered by the lack of parliamentary time and the absence of a special provision for legislation which is uncontroversial and, therefore, "unpolitical."

On the positive side, the report reveals an improvement in co-operation between the commission and government departments.

Of the law reform reports published last year, those which dealt with breach of confidence and the financial consequences of divorce received the greatest public attention. But the commission has also done a great amount of less publicised work in the field of commercial law, sometimes protecting UK business against ill-conceived reforms. Thus, acting jointly with the Scottish Law Commission, it recommended that the UK should not become a party to the Council of Europe Conventions on Foreign Money Liabilities.

It also advised the Government on a number of other legal projects originated by the EEC Commission, including the highly controversial Convention on conflicts of laws governing contractual obligations and the directive on insurance services. Such screening of the Brussels proposals is important for the detection of incongruities between the draft and the common law system and practice.

The commission reports progress on the restatement and modernisation of criminal law. In the field of contract law it has produced working papers on minors' contracts, pecuniary restitution on breach of contract, and the law relating to the supply of goods. Because of a lack of resources it had to suspend work on methods of modernising and simplifying the existing body of statute law.

Not all the work done is always used, even when it covers key problems. Thus, the report made jointly with the Scottish Law Commission on the interpretation of statutes 12 years ago, and recommended for an early enactment by the Renton Committee in 1975, resulted in a Bill which was passed by the Lords but failed to proceed in the Commons.

In contrast with law reform, which requires wide consultation, the work on the consolidation of statutes is largely technical, although the commission has a need for consultations when selecting topics for consolidation. Its major task in this area is the consolidation of the Companies Acts. The last consolidation of company law took place in 1948. Since then four major Acts have been added to the statutory law, which now covers 929 pages of print. The commission hopes that its work on the consolidation of legislation on civil aviation will result in a Civil Aviation Act.

A new form of proceedings for the judicial review of administrative decisions, proposed by the commission earlier, has been included in the Supreme Court Act 1981. The other proposal of the commission — that there should also be an inquiry into substantive administrative law by a Royal Commission or other similar body has not yet been realised fully.

A Discussion Paper published last year by the Review Committee on Administrative Law set up by Justice — the British section of the International Commission of Jurists — in association with All Souls College, Oxford, is welcomed by the commission as a "positive contribution."

Sixteenth Annual Report of the Law Commission. SO. £4.40.

Editorial Comment, Page 18

Fund finds few biotechnology investment opportunities

By David Fishlock, Science Editor

difficulty finding sound biotechnology investments for the £25m venture capital fund the bank opened last year.

Of a total of $47.8m (£25.8m) subscribed to Biotechnology Investments, a Guernsey-registered fund, only $11.6m has been invested so far.

An interim report from the fund says it is likely that the assets will not be fully invested "for some time."

The fund, of which Lord Rothschild, the biologist and former head of the Whitehall "think tank," is chairman, has exacting scientific and financial standard for its investments.

It has made four investments in unquoted biotechnology companies, all in the U.S. In the case of the biggest Agrigenetics—a plant science company whose chairman is also a director of Biotechnology Investments— it has made two investments of $625,000 and $547,000.

Other unquoted investments are Applied Biosystems of San Francisco, Applied Molecular Genetics of Los Angeles, and Repligen of Cambridge, Massachussetts.

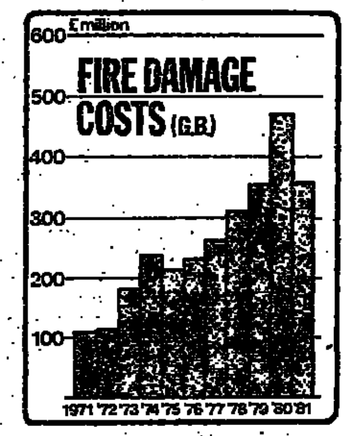
Economic recession brings lower bill for fire damage

BY ERIC SHORT

FIRE losses dropped dramatically last year, mainly because of the decline in economic activity, said Mr George Williams, chairman of the British Insurance Association's fire insurance panel.

Total fire damage fell by nearly a quarter to an estimated £356.6m, compared with 1980's peak of £469.3m.

British Insurance Association figures showed that fire losses in 1981 exceeded those for 1979 by only £1.3m. In real terms, fire damage costs last year dropped dramatically.



In 1980, however, two major fires caused combined damage of more than £100m. Last year there was a noticeable decline in the number of fires which caused damage of £1m or more. There were 33 such fires in 1981, 11 fewer than in the previous year.

Mr Williams expressed concern at the large losses from fires in schools, especially as fires caused by malicious or doubtful ignition continued to account for a significant proportion of all fires.

Last year, 16 of the school fires caused damage of at least £250,000 each.

One such fire at the end of December at a school in Chadmoor, Staffordshire, caused £1.5m damage. This helped boost fire damage costs for the month to £30.5m—£2m higher than in December 1980, but still £12m lower than in November.

Tramp trip shipping index drops

By Andrew Fisher, Shipping Correspondent

FURTHER evidence of the slump in the world shipping industry was given yesterday by the General Council of British Shipping which said its tramp trip charter index was at its lowest for over three years.

The council, which will renew its plea to the Chancellor for improved incentives to UK fleet investment in next month's budget, also said more world tonnage was laid up for lack of business than at any time since April 1979.

Tramp vessels are chartered out by owners as business arises rather than put on scheduled cargo routes, and the council's index for January was 114 compared with 135 in December.

Over the past year this freight index (1976=100) has fallen by as much as 120 points. In January 1981 it was 234. In August 1978 it was 105, having been lower earlier in the year and in 1977 before recovering slightly.

There was a considerable improvement in both 1979 and 1980, before freight rates went into decline again last year. The council's index is based on a range of data covering dry cargo ships from below 20,000 deadweight tons to over 85,000 dwt.

Charter rates have fallen steeply for both oil tankers and dry cargo ships as a result of the long world recession and surplus tonnage in most shipping sectors.

In December, laid-up tonnage round the world totalled 27.4m dwt—4 per cent of world tonnage—of which nearly 25m dwt was tankers.

The council said this represented 7 per cent of world tanker tonnage against 6 per cent in November. On the dry cargo side, the laid-up figure of 2.8 dwt made up 1 per cent of world dry cargo tonnage.

N Wales training scheme

BY ROBIN REEVES, WELSH CORRESPONDENT

THE COUNTY of Clwyd, North Wales, has launched an industrial training scheme in association with four large local companies, intended to revive the declining number of available apprenticeships.

The British Steel Corporation's Shotton works, Courtaulds at Holywell, GKN's Brymbo works and Air Products at Acrefair have agreed to deploy their basic training facilities. But their utilisation is being made dependent on finance and sponsorship from additional sources.

The council and the companies have established the Clwyd Apprentice Training Association which plans to offer six apprentice places, primarily in electrical and mechanical engineering, at each of the four training facilities, starting in September.

The European Social Fund is expected to meet two-thirds of the annual cost, budgeted at about £100,000. Local employers will be expected to find the other third.

Two types of sponsorship are being invited. One invloves a contribution of £100 or more, without responsibility for training. The other is a participating sponsorship with minimum contributions of £500 and involvement in supervision and training.

Overseas budget for volunteers up by £700,000

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT is to give an extra £700,000 to increase the number of voluntary workers who will go from Britain to help developing countries in the coming financial year.

The total for the programme will rise to £4m compared with an estimated £3.3m this year. The number of new volunteers will increase from 520 to 600. The Government will also strengthen the administrative support available for the volunteer programme in the UK and overseas.

The announcement was made in the Commons last night by Mr Neil Marten, Minister for Overseas Development, as MPs debated a Labour motion condemning the Government's intention to cut the overall overseas aid programme for 1982-83 by at least 11 per cent in real terms.

The motion accused the Government of "callous indifference" and said the programme should be increased to meet the UK's commitment to give 0.7 per cent of its gross national product in overseas aid.

The Government had put down its own amendment claiming that it was maintaining a "substantial and effective" aid programme of over £1bn.

Mr Frank McElhone, Labour's spokesman on overseas development, accused Mrs Thatcher of being guilty of "cruel and callous treatment of the world's starving poor."

He said her first act on returning from the Cancun Summit, which was aimed at narrowing the gap between rich and poor coutries, was to cut £2m6 from the aid programme.

"That was blood sucking of the poor with a vengeance," he declared.

He challenged the Government to call a general election as soon as possible. How much longer, he wondered, could Britain afford a Prime Minister who endangered the country's standing and integrity by "riding shotgun" for President Reagan—"that dangerous old Californian in the White House."

The failure of the Cancun Summit with its open-ended and undefined commitment to negotiations on aid had had a damaging effect on relations between north and south.

He crticised the "cowardly and miserable" government for concentrating large amounts of aid on projects which would

The UK had given £30m to build a steel mill in Mexico—the fifth richest country in the world in terms of oil and gas. He criticised this as drawing away assistance from the poorest countries.

"By any standard of justice, fairness or compassion this government stands condemned," he said. "It has destroyed the good name of the British government around the world."

Mr Marten told him it was nosense to say that the Prime Minister had no credibility in the Third World. To claim that she was destroying the good name of Britain was "absolute rubbish."

Mr Marten placed heavy emphasis on the importance of private capital flows to the Third World, which he said were of more significance for development than official aid. Nevertheless, the Government recognised that official aid was essential

He emphasised that the economic health of the developed countries was vital to the growth of the developing ones. The most useful contribution would be to restore growth in our own economy and maintain an open trading system.

Heseltine appoints minister for race

By Peter Riddell, Political Editor

SIR GEORGE YOUNG, a junior minister at the Department of Environment, has been asked by Mr Michael Heseltine, Environment Secretary, to take special responsibility for race relations in the department's field, notably the urban programme.

This will be in addition to his existing responsibilities as a Parliamentary Under Secretary of State for housing and construction, new towns and the property services agency.

Sir George, the MP for Acton, has a long record of interest in community relations matters, both in his constituency and formerly as a local councillor.

Commenting yesterday, he said: "Many aspects of the department's work are vital to the development of good race relations and for helping to cure racial disadvantage.

"Our urban programme is the clearest case of this. But aspects of housing policy are also extremely important, and the same is true of other local authority programmes with which the department is concerned.

"I attach particular importance to ensuring that the views of ethnic minorities are taken on board when policies are being formed and decisions taken."

The appointment follows a report on racial disadvantage by an all-party Commons committee. The Government decided against establishing a separate unit.

The urban programme currently has a budget of £210m for the regeneration of inner city areas. While it is not specifically geared to meet the needs of ethnic minorities, more than half of them live in areas benefiting directly from the programme.

SDP steals the Tory trade unionists' clothes

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

THE GOVERNMENT may be forced by a combination of Social Democrats and Conservative trade unionists to reconsider its opposition to compulsory secret ballots.

The same combination could also embarrass the Government over its decision not to include in the Employment Bill provisions dealing with the trade unions' political levy to the Labour Party.

The SDP, faced with internal differences on the Bill, has ended up stealing the CTU's clothes. The three changes it proposes to the Bill—industrial democracy, changes to the political levy system, under which trade unionists must contract trade unionists must contract-out to present their money going to Labour, and secret ballots for internal trade union elections—are long-held CTU policies.

The CTU is to meet this weekend to consider its position, and is likely to decide to lobby Tory MPs to pressure the Government to deal at least with secret ballots.

One possibility is that Mr Tim Renton, the president of the CTU and MP for Mid-Sussex might join other Tory back benchers and the SDP members on the Employment Bill committee to force through the changes. But the composition of the committee, announced yesterday, makes it unlikely that this tactic would succeed.

The committee includes 13 Tories, eight Labour MPs, one Liberal and one Social Democrat. Although this is the first time the Liberals and SDP have managed to get two members on an important standing committee, the chances of the Government being defeated as a result of a Tory rebellion are remote because eight of the Conservatives on the committee are either ministers or parliamentary private secretaries.

MPs in favour of compulsory ballots may wait until the Bill reaches the floor of the House at the Report Stage, where many Tory backbenchers might find it difficult to vote against.

The political levy is a very tricky issue for the Government because although many Tories oppose it, any move to deprive Labour of this valuable source of funds could open the question of corporate donations to the Conservative Party.

The Government clearly hopes it has drawn the Bill sufficiently tightly that amendments dealing with secret ballots or the political levy would be out of order. Winding up Monday's debate on the Bill, Mr David Waddington, the Under Secretary of State for Employment, implied that the Bill was not the place to deal with the political levy—and argued that now was not the time to impose secret ballots.

Nevertheless, some Tory MPs are already worried that the SDP has stolen a march on the Conservative Party by calling for these reforms, and may try to persuade the Government at least to commit itself to dealing with them in a future Employment Bill.

The SDP is split over the whole question of trade union reform, and intends to use the Committee Stage to demonstrate the distinctiveness of its approach to trade union legislation, and to distance itself from the Tories.

Mrs Shirley Williams, who on Monday voted for the Bill with considerable reservations, attempted to clarify the party's position. She said the Bill was like the curate's egg, "good and bad in parts."

It weighted the scales against trade unions and trade union members with legitimate grievances, and enabled employers to sack strikers without redress. The limit on damages which could be awarded against trade unions in tort proceedings also seemed "punitively high," she said.

But she claimed the Bill was right to protect individuals against the mis-use of union power. That was why the SDP had supported it.

The Social Democratic Party will put up 2,183 candidates in the local government elections in May in the 147 authorities where a share-out of seats has so far been agreed with the Liberals, Mr John Cartwright, chairman of the SDP local government sub-committee, said yesterday.

Foot says Labour may fight 1984 Europe poll

By John Wyles in Brussels

MR MICHAEL FOOT moved yesterday to head off possible links between EEC socialist parties and the Social Democratic Party with the surprise assurance that there was a "good likelihood" that Labour will contest the 1984 elections for the European Parliament.

This could mean the election of a Labour government in the spring of 1984 committed to withdrawing from the EEC and then renewing its participation in Community institutions in the summer.

Mr Foot's assurance, which is not based on a decision by Labour's national executive committee, was given here to members of the executive of the Union of EEC Socialist Parties.

Italian and French representatives are believed to have pointed out that the SDP could take Labour's place in the European Parliament. Mr Foot's vehement response was that he saw nothing socialist about the SDP.

No limit on Britoil shareholdings

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT hopes that share ownership in the new Britoil exploration and production company will be as widely held as possible but it is unwilling to write any legal limits into the Oil and Gas (Enterprise) Bill.

This was indicated yesterday by Mr Hamish Gray, the Minister of State at the Department of Energy, during the Bill's committee stage. This was before the defeat of an Opposition amendment seeking to limit the size of shareholdings and to prohibit foreign purchases.

Mr Peter Rost, (Con Derbyshire South-East), had expressed concern on this point and sought more detailed guarantees about how wider share ownership could be achieved. He hoped the issue would be on a "more widespread and fairer" basis than recent ones such as Cable and Wireless.

Opposition MPs from various parties were critical of the appointment of Rothschilds as merchant bankers to the sale and argued for the use of Scottish advisers.

Mr Tam Dalyell, (Lab. West Lothian), and Mr Dick Douglas (Lab. Dunfermline), both asked questions about which advisers in the Government or the British National Oil Corporation had suggested the splitting of BNOC.

This point was pressed during a still unfinished debate on an amendment from Mr Trevor Skeet, (Con. Bedford), who opposes the splitting up of BNOC and is suggesting that it should be sold as an integrated group.

Mr Skeet argues that the present intention to have a separate publicly owned trading operation might fall foul of a drop in world oil prices. Mr Skeet's amendment is being supported by Labour members who, despite their opposition to "privatisation" favour the retention of an integrated BNOC as a second best solution.

In reply Mr Gray said that discussions between the Government and the board of a public corporation such as BNOC were confidential. However, he said that Lord Kearton, the first chairman of BNOC, favoured the split.

Time found for Lloyd's Bill debate

By Elinor Goodman, Political Correspondent

THE LLOYD'S BILL now looks likely to complete its passage through the Commons within the next few weeks.

MPs are to debate it on the evening of February 22. Debates usually end at 10 pm, but the deputy chairman of the Commons ways and means committee has asked for the rule to be suspended. This means debate can continue through the night, which should prevent the Bill being talked out.

If opponents of the Bill refuse to give up hope of stopping it, another evening debate will have to be found for the Report Stage, before the Bill goes to the Lords, where it seems likely to meet considerable opposition.

The main problem for the Bill's sponsors will be keeping enough supporters in the House throughout the night. They need enough MPs to vote for closure, and to defeat opponents on amendments.

Euro-Tories elect Plumb

By Margaret Van Hattem, Political Staff

CONSERVATIVE MEMBERS of the European Parliament concluded a small revolution yesterday when they toppled their leader, Sir James Scott-Hopkins, and elected Sir Henry Plumb, former president of the National Farmers Union.

In elections for the leadership of the 64-member European democratic group, 60 of whose members are British Tories, Sir Henry won, with a convincing 36 votes. Sir James came a poor second with 13 votes, and Sir Fred Catherwood, the only other candidate, won 11 votes.

Mrs Thatcher immediately confirmed the election by appointing Sir Henry leader of the Conservative group.

Sir James, a former Junior Minister of Agriculture, had never before been challenged for the leadership. However, other Tory MEPs had been unhappy with his performance for some time.

Sir Henry, whose leadership of the British agricultural lobby in Europe has never been challenged, began his term as president with a call to the Government not to block this year's farm price rises.

Howe urges EEC effort on U.S. interest rates

BY IVOR OWEN

SIR GEOFFREY HOWE, the Chancellor of the Exchequer, yesterday called for another concerted effort by the EEC to impress on the authorities in Washington the mounting concern in Europe over the projected size of U.S. budget deficits.

In Question Time exchanges in the Commons Mr Terence Higgins (Con Worthing), a leading member of the Treasury select committee, suggested that in the light of recent statements by Mr Paul Volcker, chairman of the U.S. Federal Reserve, representations should be made to Congressional leaders as well as to members of the Reagan Administration.

He stressed: "The scope for reducing UK interest rates, even if the monetary aggregates are moving in the right direction, is extremely limited while U.S. interest rates remain high."

Endorsing this view, the Chancellor said: "While we do not claim that U.S. interest rates are the sole influence on our own they do have a very powerful effect."

It was important that Britain and other European countries should make plain their concern about the prospective level of U.S. Budget deficits.

The European nations had made an approach to the U.S. authorities and he promised to consider the possibility of contacting Congressional leaders.

Mr Peter Shore, Labour's shadow Chancellor, recalled that the cut in Minimum Lending Rate to 12 per cent in last year's Budget had been the main justification of the fiscal deflation which had accompanied the Chancellor's proposals.

He claimed that one of the major reasons for interest rates having gone up during the year was the abolition of exchange controls.

Sir Geoffrey replied that the balance of view which emerged from a recent discussion on this issue in the National Economic Development Council was that the impact of the abolition of exchange controls on interest rates had been very small.

On the other hand, the abolition of exchange controls had brought the sterling exchange rate to a lower level than it would otherwise have been.

Action on civil servants' time off

AN AGREEMENT is being drawn up to ensure that civil servants receiving paid time off for trade union duties should fully account for it, the Prime Minister disclosed yesterday.

Mrs Thatcher said the allocation of time off would also be tightened up through the introduction of an annual review.

She confirmed during Commons Question Time that time off given to Civil Servants for union duties was costing the country around £14m a year.

Mr Tim Eggar (Con., Enfield North), who raised the matter, claimed time off cost the Government twice as much, proportionately, as it cost in the private sector.

Mrs Thatcher said employers were legally bound to give staff time off, both for industrial relations and purely trade union activities.

On the new Civil Service proposals she said it had been concluded that changes should be made "to ensure those who receive paid time off account properly for their use of it."

"The allocation of time off should be reviewed at least annually," she added.

The provisions were being negotiated with the unions.

Mrs Thatcher also revealed during Question Time that she has sent a personal letter to two civil servants about their efforts to get into work during the rail dispute.

She had "dropped a line" to one who had walked 14 miles into work and another who had trekked 12 miles. She did not name them.

In the fifth week of the Aslef dispute she again praised commuters for their "heroic efforts" in getting into work.

Government to push on with Canada Bill

THE GOVERNMENT will press ahead next week with the second reading of its Bill to send to Canada sovereignty over its own constitution, Mr Francis Pym, Leader of the Commons, announced yesterday.

The move is in response to a request from the Canadian government, despite opposition from the state of Quebec and groups representing North American Indians.

The Government and the Labour Opposition, which is supporting the Government on the Bill, fear that individual MPs who have been subject to intensive lobbying over the past year, may prolong the Bill's passage, with long discussion.

The Government clearly hopes MPs will be prepared to overlook minor idiocies in the drafting of the Bill, such as a clause extending to all Canadian citizens, including newborn babies, the right to vote.

Democratic Unionists to fight South Belfast

THE Democratic Unionist Party, led by the Rev. Ian Paisley, decided yesterday to fight the parliamentary by-election in South Belfast on March 4.

The party will choose a candidate tomorrow to challenge the Official Unionist Party, which is fielding the Rev. Martin Smyth, leader of the Orange Order.

Next week in parliament

COMMONS

Monday: Hops Marketing Bill, remaining stages; debate on procedure.

Tuesday: Rate Support Grant (Increase) Order: supplementary Report (England); Welsh Rate Support Grant Report; Supplementary report.

Wednesday: Canada Bill, Second Reading.

Thursday: National Health Service (Determination of Regions) Order (Constitution of District Health Authorities) Order, and (Determination of Districts) Order.

Friday: Private Members' Bills.

LORDS

Monday: Copyright Act (Amendment) Bill, Second Reading; debates on science and government, and on tidal power from the Severn Estuary.

Tuesday: *Social Security (Contributions) (Mariners) Amendment Regulations; Local Government (Miscellaneous Provisions) Bill, Second Reading; Junior Hospital Doctors Bill, Second Reading; short debate on personal savings and housing markets.

n **Wedesday:** debate on need for a better educated working population; Salmon Fisheries (Protection) (Scotland) Bill, Second Reading.

Thursday: Western Isles Island Council Order Confirmation Bill, Report; Transport (Finance) Bill, Committee; Leasehold Reform Bill, Second Reading; Opticians Act (Amendment) Bill, Second Reading.

Philip Bassett examines papers which shed new light on the rail dispute

BR explains how it wants to use drivers' time

FLEXIBLE rostering seems an obscure issue for British Rail and the Associated Society of Locomotive Engineers and Firemen to be arguing over in the increasingly bitter and financially damaging series of strikes.

BR has laid great stress on the importance of securing acceptance of flexible rostering from Aslef in terms of the future of the railways. For its part, Aslef has insisted on maintaining the sanctity of the eight-hour-day, guaranteed since 1919.

It has so far been unclear how flexible rosters would work and how they compare with present arrangements. For the first time, BR Board papers being examined by the independent inquiry into the dispute, chaired by Lord McCarthy, give an insight into their proposed operation.

The two tables show present and proposed rosters for drivers at BR Eastern Region's York depot. The present rosters are all based on eight-hour shifts. While they do contain mixed starting times—for example Week 5 in the table—they tend to vary around a roughly similar starting time.

The flexible rostering arrangements are much more varied, both in their starting times and in the duration of their shifts. Week 8 in the table, for instance, shows starting times in the same week ranging from 7.40 am to 13.11 pm, with shift times varying from seven to eight hours.

The average working week over the eight-week cycle is 39 hours, but the working time varies considerably, from just over 30 hours to 45 hours.

According to another BR paper, though, the effect on payment of drivers should be evened out. Employees will be guaranteed and paid the rate for a 39-hour week.

BR accepts that the flexible arrangements could make it more difficult for drivers to swop shifts among themselves, and BR officials acknowledge privately that one of the effects of the new system will be to cut down on staff moonlighting.

However, BR is confident that, once drivers are working the system, they will see its advantages—mainly in more time off which can be grouped to give a number of days off at a stretch.

Another BR paper, based again on the York depot rostering example, shows, for example, that the instances of the grouping of rest days on Saturday, Monday and Tuesday, or Friday, Saturday and Monday will rise from none at present to 16.

The number of rest days per eigh weeks rises from eight to 9.1, and the number of shifts starting at unsocial hours—between midnight and 5 am—should fall from 102 to 70.

The paper shows that all 254 present weeks of work range between 35 and 40 hours. Under the new system, this would change to 27-30 hours (1); 30-35 (37): 35-40 (124); 40-41 (29); 41-43 (32); and 43-45 (25).

Aslef members feel that such wide variations, apart from breaking the agreement on an eight -hour day, will considerably increase the time spent at and travelling to and from work, and will cut heavily into workers' spare time.

Current BR practice contrasts sharply with that of other major European countries, according to the findings in a further BR paper. In all four countries examined—France, West Germany, Holland and Sweden—variable day rostering is normal practice. BR is seeking shift lengths of between seven and nine hours.

BR has also included in its evidence to the McCarthy inquiry a draft agrement on flexible rostering for drivers, which of course has not yet been agreed with Aslef.

In line with agreements already reached for guards, station workers and white-collar staff, the draft agreement says: "To eliminate the maximum amount of unproductive work from footplate programmes, it is necessary to be able to vary their length between the widest limits possible."

The likelihood of Aslef members accepting such an agreement is slim, according to the union. Confidential minutes of a meeting between BR and its three unions last month show that Aslef feel that "the Board proposals were unworkable—this was the view of the men at the depots to whom the proposals had been put.

"(Aslef) had never known such strong feeling among its membership and it was quite certain that the footplate staff themselves would not accept flexible rostering. It was not felt that the Board recognised this strength of feeling."

BR believes that Mr Ray Buckton, Aslef general secretary, and Mr Bill Ronksley, then Aslef president, signed in good faith last August's understandings on pay and productivity worked out under the auspices of the Advisory, Conciliation and Arbitration Service.

However, BR officials privately feel that, having done so, the union's two officials were unable to sell the proposals to their tough-minded executive, let alone to the union's members, and that it was Mr Ronksley's signing of the deal which led directly to his being removed from the union's presidency and replaced by Mr Derrick Fullick.

BR thinks that Aslef has not yet produced any sustainable opposition to flexible rostering, beyond the 1919 argument and the level of membership opposition, but hidden behind the fact that the issue has not been fully processed through the industry's machinery of negotiation.

Flexible rostering, rather than the payment of the disputed 3 per cent, is likely to be the key issue facing the McCarthy inquiry. Indications are that if the inquiry favours either side, that side will accept it — but the other may not.

So if BR's futurehangs on the question, the outcome of the inquiry may leave it in suspense for some little time yet.

FLEXIBLE ROSTERING—PROPOSED PRACTICE (Table 2)

	Mon		Tues		Wed		Thurs		Fri		Sat		
	Starting time	Hours w'kd	Starting time	Hours w'kd	Starting time	Hours w'kd	Starting time	Hours w'kd	Starting time	Hours w'kd	Starting time	Hours w'kd	Working time time for week
Week 1	RD*		13.11	7.00	11.08	7.00	10.17	7.00	09.30	8.35	09.30	8.35	38.10
Week 2	13.09	7.00	RD		12.35	8.00	13.50	7.55	12.35	8.00	12.00	8.00	38.55
Week 3	10.00	8.00	10.00	8.00	RD		07.30	8.26	07.30	8.26	10.00	8.00	40.52
Week 4	15.00	8.00	14.48	8.47	14.00	8.00	RD		13.09	7.00	13.30	8.00	39.47
Week 5	07.14	8.31	08.20	8.00	08.20	8.00	08.20	8.00	RD		10.17	7.00	39.31
Week 6	17.25	9.00	17.25	9.00	17.25	9.00	17.25	9.00	17.25	9.00	RD		45.00
Week 7	RD		ARD‡		13.30	8.00	13.09	7.00	13.09	7.00	13.30	8.47	30.47
Week 8	07.40	7.58	RD		09.30	8.00	13.11	7.00	08.20	8.00	08.20	8.00	38.58

Average 39 hours a week over eight weeks
RD*=Rest Day. ARD‡=Additional Rest Day

ROSTERING—PRESENT PRACTICE (Table 1)

	Starting times					
	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
Week 1	RD*	11.00	11.56	10.59	09.19	11.08
Week 2	03.31	RD	03.00	03.00	03.00	03.00
Week 3	12.35	12.35	RD	14.00	12.35	14.48
Week 4	05.51	07.40	07.00	RD	07.00	07.00
Week 5	07.40	09.40	09.19	11.08	RD	10.59
Week 6	19.13	19.13	19.13	19.13	19.13	RD

* RD—Rest Day. Rostering to cover 24 weeks in total

Murray speaks up for union ties with industry and Government

BY JOHN LLOYD, LABOUR EDITOR

MR LEN MURRAY, the TUC general secretary, gave a sustained, even passionate defence last night of the tripartite principle.

His firm support of Government-industry-union dialogue, the main theme of his contribution to the London Business School's present series of Stockton lectures, is significant.

It comes at a time when the TUC's continued participation in the major tripartite forum, the National Economic Development Council, is under attack from the Left of the TUC, led by the biggest union, the Transport and General Workers.

Mr Murray said that the NEDC and its sector working parties made up "a valuable mechanism," though their potential had not been realised.

"If the NEDC did not exist, then we would have to invent it. That is the minimal argument for the NEDC.

"More important is the constant and regular exposure of Government to the views of both sides of industry, and the possibilities it opens up for encouraging action lower down the line."

He used his speech also to warn the Government that it would "face strong TUC resistance" if it attempted to scale down or dismantle the Manpower Services Commission after the replacement of Sir Richard O'Brien, the present chairman, by Mr David Young.

Mr Murray said that there was substantial agreement between the CBI and the TUC on some matters, including the key area of profitability, and on the principle of Government intervention.

"Here I would have thought the argument between the TUC and CBI is about the balance to be struck; the option of not intervening at all does not exist. Nor is there a basic disagreement about profitability, either in terms of improving the existing level, or in terms of long-term needs if our assets are to be renewed and improved."

At the heart of his case, he said, was the argument for industrial democracy, which was not merely one about the form it should take.

Times union rejects talks on cuts 'under duress'

BY IVO DAWNAY, LABOUR STAFF

LEADERS of Times Newspapers' largest union yesterday told management that they were not prepared to negotiate on the company's call for 600 redundancies under the duress of a deadline.

The decision to reject Mr Rupert Murdoch's ultimatum was taken at a meeting of National Society of Operative Printers and Graphical Personnel (Natsopa) officials representing over 1,250 full-time staff and 450 casual workers.

After the meeting the union told the management that the chapels (office branches) had unanimously decided to withdraw from negotiations unless the ultimatum threatening closure of the papers was removed, and a deadline of Thursday for voluntary redundancies lifted.

A senior union official said: "We have come to the firm conclusion that we are not prepared to negotiate on the basis put forward by Mr Murdoch.

However, Times Newspapers remained adamant last night that it was not prepared to withdraw its call for the job cuts and the agreement of voluntary redundancies by 10 am Thursday next week.

"The proposals are vital to the future of company and the deadline has been imposed on us by the rate at which the money is running out," Mr Arthur Brittenden, director of corporate relations, said.

Natsopa officials returned to Times Newspapers for further talks last night in an attempt to find a way round the impasse.

BA ramp staff vote to continue action

By Brian Groom, Labour Staff

A MEETING of 2,000 British Airways ramp workers at Heathrow Airport voted yesterday to continue the action over new work schedules which has disrupted flights for the past three days.

But BA again improved its service with the help of pilots and other staff who volunteered, many on their days off, to undertake baggage-loading and other jobs.

BA operated 75 per cent of European and domestic flights, and expects to achieve 79 per cent of departures and 78 per cent of arrivals today.

More talks on the dispute in the National Joint Council for Civil Air Transport took place last night.

Dockers hold up Thames gates

BY NICK GARNETT, NORTHERN CORRESPONDENT

STRIKING DOCKERS on the Tees are due to hold a mass meeting this morning after talks with the manufacturers of the Thames Barrier floodgates. The men are under pressure to release three of the gates, stranded by the strike.

The 13-week stoppage at Tees Dock has held up vital equipment for a project that has drawn more attention than almost any other construction scheme. The ment on strike seek a pay rise in line with inflation and no productivity strings.

The manufacturers and transporters of the 10 gates for the Thames barrier have tried for nearly three months to load up and ship out the final three gates.

Without them the barrier cannot be completed in time for November, leaving the capital vulnerable to the high tides predicted for next winter.

The constructor, a Davy-Cleveland consortium, is fighting to maintain its contractual obligation to Greater London Council and the Ministry of Agriculture to supply the gates.

The issue has been clouded by a claim from Cleveland Offshore that Port Clarence on the Tees, where the gates are, is outside the area covered by the dock labour scheme.

The company says that in consequence the relevant loading operation is "not dock work." The Transport and General Workers' Union, representing the 535 dockers on strike, says it is.

Although the port authority made a surplus last year of £2m before tax, Tees Dock lost £2m. Total tonnage it handled, including Datsun cars, steel exports and general cargo, accounted for about 1m tonnes of the 39m handled by the authority as a whole.

Tees Dock received 200 more dockers when Middlesbrough Dock closed in 1980, though about 100 jobs have been shed voluntarily.

The authority originally sought two productivity improvements. One was elimination of "non-jobs."

It refuses to specify what these are, and the union denies such a practice, but it might refer to rostering of some dockers for part of a shift when for a short period a particular element of mixed cargo requires a higher manning level for handling than the rest of the cargo.

Secondly, it looked for tighter manning to tonnage ratios. This, it says, in effect simply means proper application of the 1975 manning arrangements, an update of the 1969 agreement, which were accepted by the union.

Plessey sacks sit-in workers at Bathgate

By Mark Meredith, Scottish Correspondent

PLESSEY yesterday dismissed the workers occupying its capacitor plant at Bathgate, near Edinburgh, for the past three weeks in protest against the company's plans to shut the factory.

The company said the dismissal notice meant that workers had forfeited their redundancy pay, which could be over £1,000 for long service employees.

The workers would also lose a week's wages which the company were unable to pay because their administration building had been taken over when payments were to be made.

Plessey wants to close the factory by the end of March because of the dwindling market for capacitors.

But community and trade union support for the sit-in by about 200 workers—mostly women—has been growing.

On Wednesday, about 200 trade union delegates drew up plans for "flying demonstrations" to be hurried to the factory gates should Plessey insist that bailiffs be sent to evict the workers.

The company has already won an injunction to reclaim the plant.

General Accident staff ease action during pay ballot

BY BRIAN GROOM, LABOUR STAFF

SANCTIONS imposed by unions two weeks ago in a pay dispute at General Accident, the leading motor insurer, have been partially lifted while staff vote on a new offer.

The Association of Scientific, Technical and Managerial Staffs, the biggest union with 5,500 members out of the 10,500 staff, is recommending acceptance of the offer which comprises an 8 per cent salary increase and an immediate 1.75 per cent lump sum.

The previous offer, which General Accident had described as final, was a 7.8 per cent pay rise plus a 0.7 per cent lump sum in July as a down payment on future bonus scheme money of up to 2 per cent. The bonus scheme is now scrapped.

The rival Association of Professional, Executive, Clerical and Computer Staff, which represents 1,200, is making no recommendation in its ballot, but is making clear that it considers the offer to be poor. It is preparing selective strikes if the offer is rejected.

Members of both unions have stopped refusing to work by telephone, but are continuing other aspects of their work-to-rule.

● At Guardian Royal Exchange, the Banking, Insurance and Finance Union, which represents about three-quarters of the 8,000 UK insurance staff, is recommending acceptance in a ballot of a new offer of 7 per cent plus a 2.5 per cent cash bonus.

Engineering deals 'low'

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

PAY SETTLEMENTS of 6 per cent or below have already been achieved by about 75 per cent of member companies, according to the West Midlands Engineering Employers' Association. Many companies have offered nothing or put off the annual pay review.

But Mr William Frost, the retiring president of the association, will warn the annual meeting today that the industry at least faces "a long hard struggle to regain even a modest degree of prosperity."

THE PROPERTY MARKET BY MICHAEL CASSELL

Hong Kong rents highest

ALTHOUGH THE *breathtaking* rent spiral seems well and truly over, the Hong Kong property market still offers the most expensive office floorspace in the world.

With an estimated 6m sq ft *of office space likely to be available* this year and demand—though still buoyant—looking weaker, rents have hit a peak which may not be breached for a long time. And at least some of the pressures which triggered off the Hong Kong property boom are now being eased with the emergence of several neighbouring areas as *office centres in their own* right.

Predicitions of collapsing rentals and property values have not so far been widely fulfilled and the market appears to have stabilised at present levels.

But whatever the future holds, the current cost of renting a single sq ft of office floorspace in the colony remains at the top of the *international* league, according to Richard Ellis, the agents and surveyors.

In its latest report on world rental levels, Ellis says the tenant can expect to pay a net rent of just over £30 a sq ft for a prime, 5,000 sq ft office suite in Hong Kong. In second place comes New York, where a period of substantial rental growth has pushed prime rents up to £30 a sq ft.

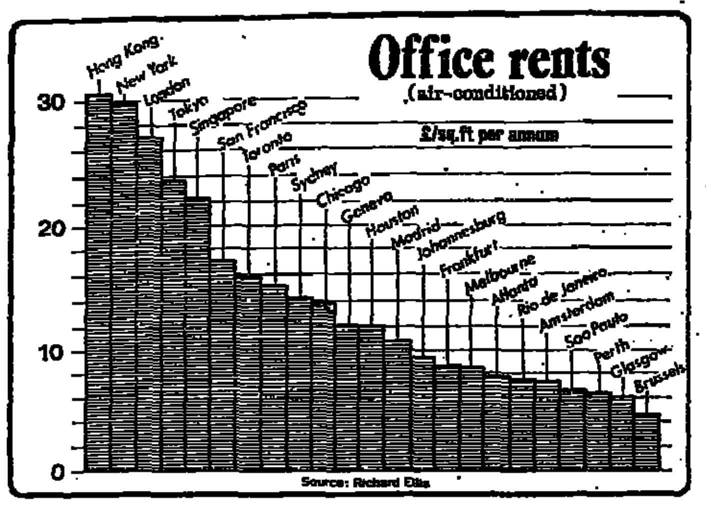
Prime rents in London—which two years ago was top of the international office rental league—are quoted at £27 a sq ft. Behind the UK capital comes Tokyo (£24), Singapore (£21), San Francisco (£17.50) and Paris (£15.50).

The Ellis figures do not, however, include additional service charges, which have been itemised separately. If these are added, then New York comes out marginally ahead of Hong Kong in terms of total overheads per sq ft.

At the other end of the scale, the cheapest office centres included in the Ellis list of 23 cities are reckoned to be Brussels (£4.50) and Glasgow (£6).

According to John Orton, Ellis partner in charge of research, the report—which takes account of different methods of floor measurement, leases, rates and additional charges—gives a clear indication of rent levels around the world and enables executives to see at a glance what they can expect to pay where.

It will be interesting to see if the position changes over the next few months. With much of the steam gone from Hong Kong and with prime London rents expected to grow only steadily towards Ellis' own *"£40-£45 a sq ft by 1985"* prediction, it could be New York which emerges at the top of the next league table. Only a few years ago, it would have been nearer the bottom.



● Thirty-three major shopping schemes involving 4.5m sq ft of floorspace opened in Britain during 1981, according to Hillier Parker May and Rowden. This is the highest annual total since 1976.

Bristol finally gets Broadmead extension

AFTER A three-year delay, plans for a £20m extension to *Bristol's* Broadmead shopping centre have finally been given approval.

The six-acre addition will involve a site bounded by Newfoundland Street, Bond Street and Wellington Road *and will include 273,000* square feet of covered retail space, over 50,000 square feet of office accommodation and roof-top parking for 1,000 cars.

The scheme is to be developed by William Cowlin Holdings and the letting agents will be Lalonde Brothers and Parham. Planning delays were caused by uncertainties over local road plans.

● A £7m office and retail scheme is to go ahead on 11 acres of railway land in the centre of Gloucester. Following two years of talks, a 71,000 square feet superstore is to be built for Associated Dairies on a 150-year ground lease from British Rail and Britannia (Cheltenham). There will also be a 30,000 square feet office building.

● Lamont Holdings has, after an inquiry, won permission for its £5m shopping scheme on the site of the old Belfast Ropework factory at Connswater, Belfast. The 90,000 square feet of retail space will include a 50,000 square feet superstore.

● Barratt Scottish Properties has purchased a major industrial site in Aberdeen. Formerly owned by Wiggins Teape it is adjacent to Dyce airport and includes a 250,000 sq ft factory warehouse and 50 acres of industrial development land. Barratt plans to build 1m sq ft of floorspace, some of it for Wiggins Teape. *Total purchase price involved* is about £5.5m. Richard Ellis and Strutt and Parker are letting agents.

● Rush and Tompkins Developments has forward funded its Broadway House office and shops scheme in Bromley to Colonial Mutual Life Assurance. Debenham Tewson and Chinnocks and *Baxter Payne and Lepper will* be letting agents for the scheme, which will have an investment value of over £4m.

City of London survey starts facing Page 18

● Ciba-Geigy Pension Trust, represented by Edward Erdman, has paid over £3m for the freehold of 37-45 Northgate, Darlington, the former Doggarts store adjoining Boots. It was purchased from Mackays Drapers, who acquired the store in 1981 and converted it into three shop units. The property's annual rent roll is £128,500.

● Sperrings has agreed to sell 25 stores to Martin the Newsagent for £3½m, plus stock at valuation in cash. No freeholds were included.

CU man to Post Office

"*I'M A SIX-CYLINDER man* who is only firing on four. I'm 45 and need a fresh challenge."

Fred Reeder, executive director of Commercial Union Properties and chairman of Commercial Union Properties (UK), should be able to *put all six* cylinders to work over at the Post Office Staff Superannuation Fund, where he is going as director of property investment.

Reeder, a CU man for 28 years, is saying farewell this month to a *£700m* worldwide property empire and taking over the helm of the £1.1bn-plus property portfolio held by the PossFund, one of the UK's largest public sector pension funds.

He will be replacing David Jackson, who has emigrated to New Zealand but who acts as the Fund's representative in that part of the world. Reeder regards his new appointment as "one hell of a challenge" and has no qualms about switching *from* the private to the public sector.

"Commercial Union's property interests have been built up over the years with the aid of several insurance-associated mergers, while the PossFund portfolio, accumulated in little more than *10 years,* appears much cleaner and newer.

Reeder, a chartered secretary who requalified as a chartered surveyor in 1973, says that much of PossFund's property interests involve tie-ups with joint companies, where his long corporate experience will come in very useful.

Scottish market puts on a brave face

The Scottish commercial property scene has hardly escaped the rigours of the recession, although it seems to have fared better than some other sector's of the country's economy.

A market survey by Conrad Ritblat, the agents, highlights the *fact that* although investment and tenant demand is generally at a low ebb there is still strong institutional demand for prime property investments.

The market appears in many ways to mirror the UK scene, with tenant negotiations taking longer and longer to conclude and rental prospects generally looking dull for the next 12 months.

Conrad Ritblat make the point that investment institutions are taking a fairly phlegmatic view of the current recession, although the agents' assertion that there is "a general mood of restrained *optimism*" may itself prove to be a trifle over-optimistic.

There has apparently been a generally low level of demand for office space in Scotland, although there have been some major lettings in Glasgow and Edinburgh. The "oil boom," however, is continuing to fuel strong demand for office accommodation in centres like Aberdeen.

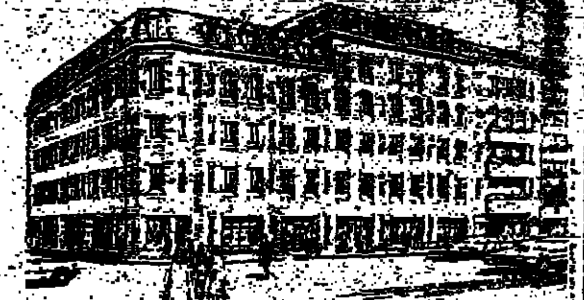
Good quality office space is in short supply in Glasgow and rents at the top end of the market have risen to around £5.75 a sq ft with £6 achieved in some cases. Rents for poorer quality accommodation have been more vulnerable.

The agents do not, however, expect top office rents in Edin*burgh to* show much of an increase above the present £5.25 a sq ft level. By comparison, they expect rents for best-located Aberdeen offices—currently around £7 a sq ft—to rise towards £8 a sq ft by the end *of this* year.

The industrial property market which has been badly hit by the recession, faces the greatest pressures. There is a considerable amount of older factory space depressing the market at a time when industry is holding back investment decisions. The exception to the general gloom, say Conrad Ritblat, is in Aberdeen where the oil industry has stimulated strong demand for industrial accommodation. On the investment side, *there have* been signs that even the best located estates are not selling as quickly as expected or, indeed, at the quoting prices.

The retail property market is also having its problems in Scotland but the agents say that long term confidence in the retail sector "has been amply demonstrated in recent weeks by the £13m sale of the Woolworth store in *Argyle* Street Glasgow, and by the launch of new stores by Burton and Debenhams in Princes Street, *Edinburgh.*"

ANDREW TAYLOR



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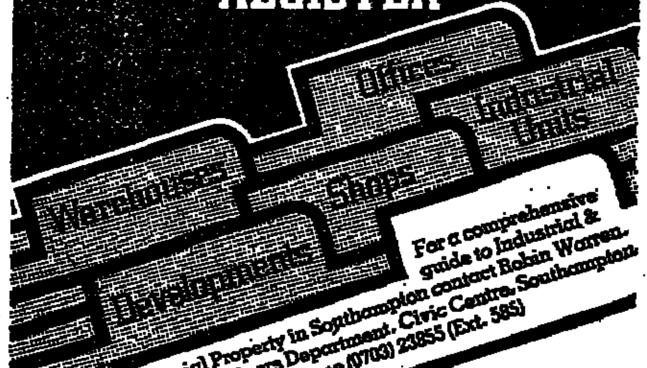

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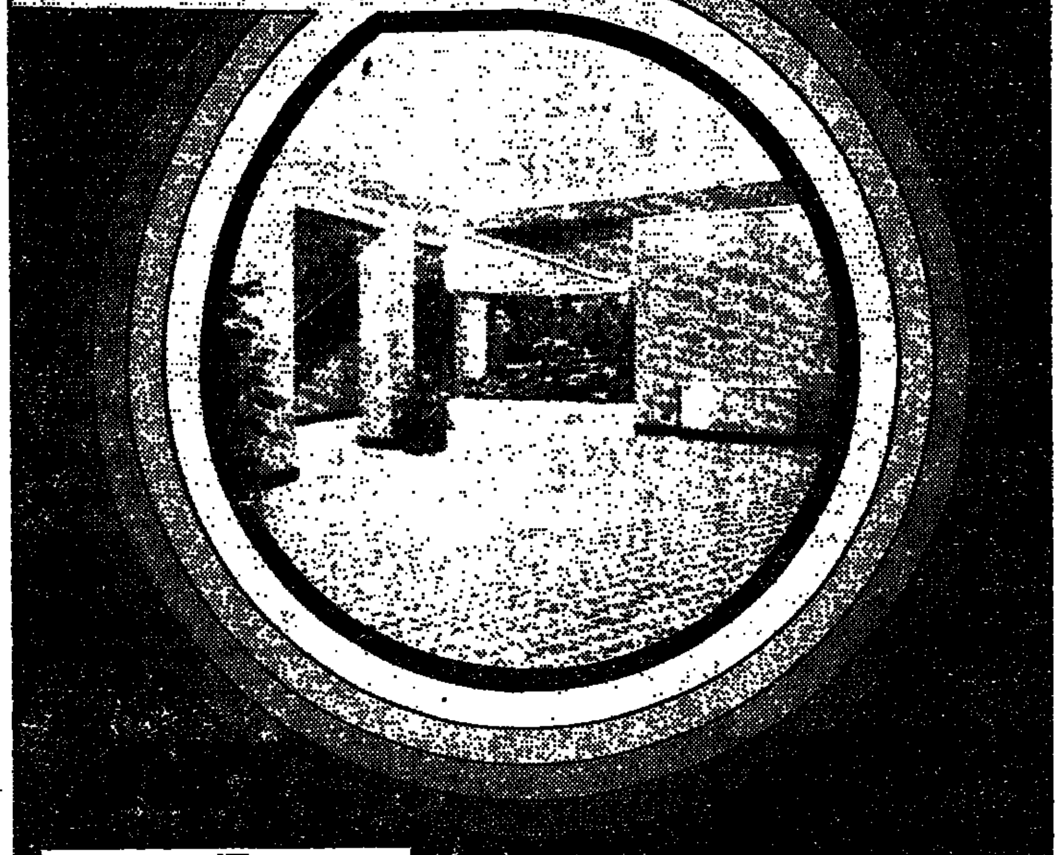

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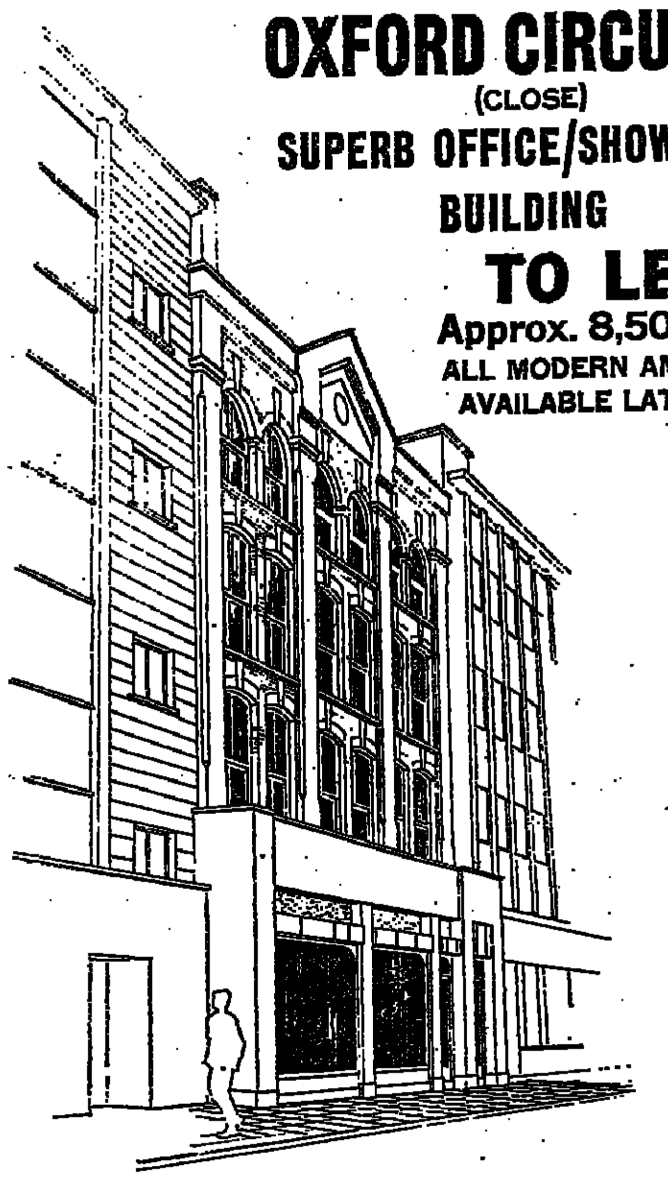

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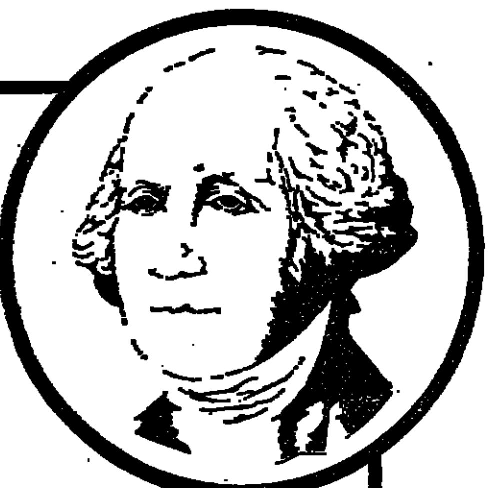

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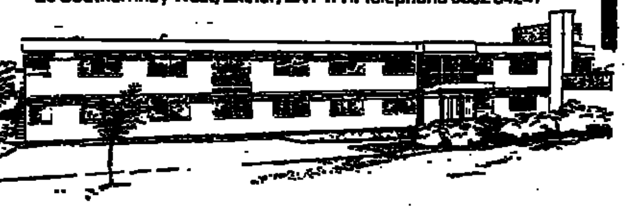

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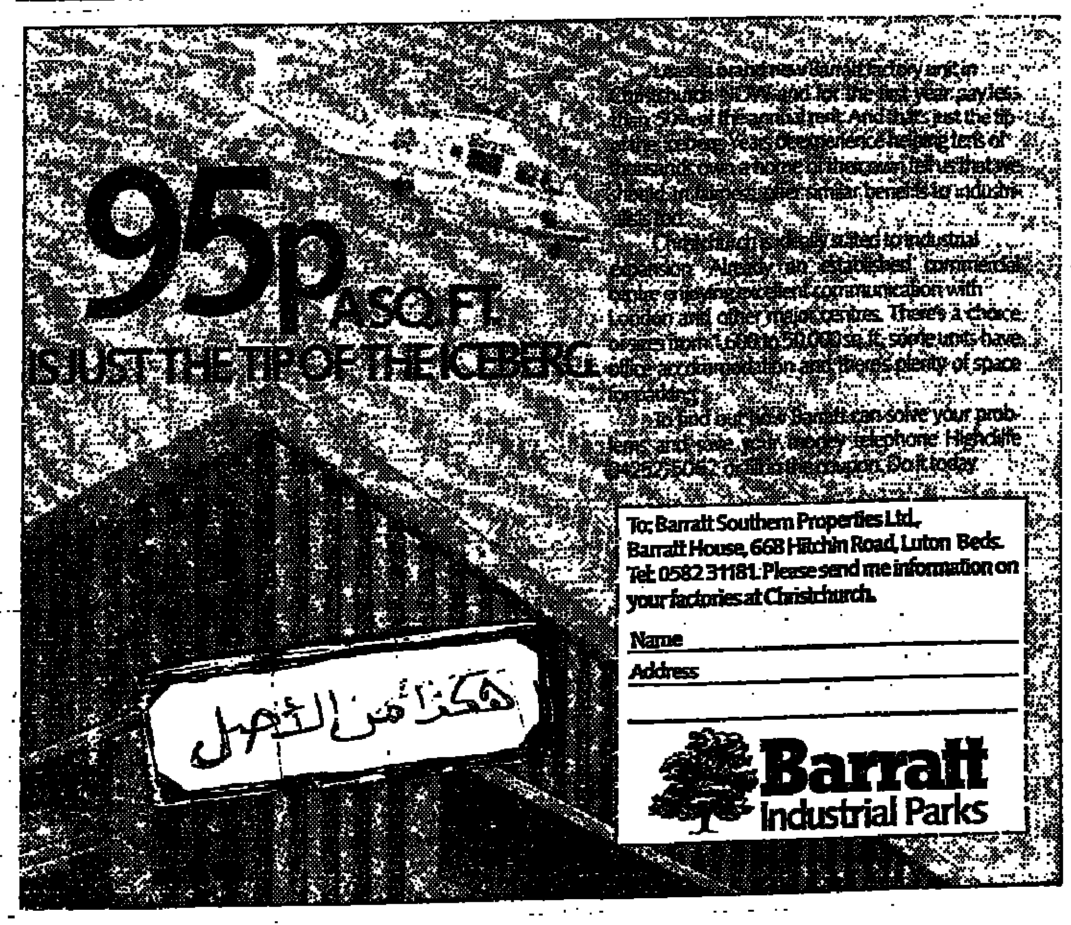

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FINANCIAL TIMES SURVEYS

OFFICE PROPERTY

FRIDAY 19 MARCH 1982

The Financial Times proposes to publish a survey on Office Property. The following synopsis outlines the topics to be discussed.

INTRODUCTION
This year will prove to be a testing period for the office market. Demand for space is still weak in most areas and rental growth still trails behind inflation. The brightspots and the blackspots. What are the prospects for further deterioration if the economy does not revive this year?

INVESTMENT
The problems of the office-letting market have not had a significant impact on the investment scene, with prime yields remaining firm. There has been some softening in secondary markets, but a sustained period of low rental growth will be required before the overall yield structure weakens.

DEVELOPMENT
Development activity has tailed off in the wake of the recession. Many provincial centres do not currently support rentals which justify any wide-scale development programme. Industrial developers are still making the pace.

RENTS
A review of office rent profiles around the country and prospects for 1982.

REFURBISHMENT
Office development today invariably means the modernisation of what already exists, but are good refurbishment opportunities becoming harder to find and more difficult to justify financially?

OFFICE TECHNOLOGY
The nature of office design is being transformed by the arrival of high-technology business systems and the need to maximise accommodation. The developer is being forced to think much more carefully about the likely range and variation of tenant requirements.

Planning
Planning & The Greater London Council
Office Costs
Mixed Office-Industrial Space

The remainder of the survey will comprise a review of some of the major office markets in the UK.

The City of London
The West End of London
Birmingham
Manchester

FOR FURTHER INFORMATION and advertising details contact TIM KINGHAM on 01-248 0769

The content, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor. Quotations for reprints can be obtained from the Promotions Department at the address above.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

TELEVISION

Chris Dunkley: Tonight's Choice

Some Americans are worried about the growing number of television series which seem to be following all too swiftly in the wake of the cinema craze for vengeance movies: series which exploit widespread public anger about the ineffectuality of those who abide by the law faced with increasing numbers of law breakers. I am not certain that McClain's Law, starting on BBC-1 tonight with a movie-length episode, is just such a series, but the title sounds like a hit

BBC-2's "Playhouse" production is A Shilling Life by Guy Meredith. Julie Covington plays a professional biographer who visits Petersham (Eric Porter), a successful dramatist of the forties and fifties, knowing that before they get to the real story he will talk a great deal.

In Kaleidoscope on Radio 4 Michael Billington talks to Janet Suzman about her portrayal of Frieda Lawrence in her latest film, "Priest Of Love."

BBC 1

9.00 am For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 Bagpuss. 2.02-3.00 For Schools, Colleges. 3.20 Pobol Y Cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Winsome Witch. 4.25 Jackanory. 4.40 Think Again. 5.05 Grange Hill.

5.40 News.
6.00 Regional News Magazines.
6.22 Nationwide.
6.45 Sportswide.
7.00 The Superstars: The final.
8.00 Fame Is The Spur by Howard Spring.
8.50 Points of View with Barry Took.
9.00 News.
9.25 McClain's Law (Pilot for new detective series starring James Arness).
11.00 Face the Music: Quiz with Joseph Cooper (London and South-East only).
11.30 News Headlines.
†11.35-1.10 am The Late Film: "The Anniversary," starring Bette Davis, Sheila Hancock and Jack Hedley.

BBC 2

11.00 am Play School.
3.00 pm Bowls: The Embassy World Indoor Championship.
5.05 Flying High.
5.35 Weekend Outlook.
†5.40 "Sherlock Holmes Faces Death," starring Basil Rathbone.
6.45 Heroes.
7.15 Oxford Road Show.
7.50 News Summary.
7.55 In the Country.
8.25 Newsweek: Health Care For All?
9.00 The Family Brown Entertains.
9.30 Playhouse.
10.20 Bowls.
10.45 Newsnight.
11.30-12.25 am Friday Night ... Saturday Morning.

LONDON

9.35 am Schools Programmes. 11.55 Comic Stories. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 Simply Sewing. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Take the High Road. 2.00 After Noon Plus presented by Elaine Grand and Simon Reed. †2.45 Friday Matinee: Claude Rains and Fay Wray in "The Clairvoyant." 4.15 Dangermouse. 4.20 Razzmatazz. 4.45 Jukes of Piccadilly. 5.15 Square One.

5.45 News.
6.00 The 6 O'clock Show
7.00 Family Fortunes
7.30 Hawaii Five-O
8.30 Shine On Harvey Moon.
9.00 The Gentle Touch starring Jill Gascoigne.
10.00 News.
10.30 Bizarre.
11.00 The London Programme: Sixth Formers—a Political Football.
11.35 Thriller.
12.55 am Close: Sit Up and Listen with Ian and Jennifer Partridge.

† Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA

1.20 pm Anglia News. 2.45 Friday Film Matinee: "The Blue Knight (TV Movie). 6.00 About Anglia. 7.30 The Fall Guy. 11.00 Members only. 11.30 Friday Late Film: "The Hand Of The Night." starring William Sylvester. 12.55 am I Was Reading.

BORDER

1.20 pm Border News. 2.45 Film: "Interval," starring Merle Oberon. 6.00 Lookaround Friday. 6.30 That's Hollywood. 7.30 The Fall Guy. 10.30 Take the Mick. 11.00 Bizarre. 11.30 Border News Summary.

CENTRAL

1.20 pm Central News. 2.45 Murder and Mystery Matinee: "The Girl On The Late, Late Show." 4.10 Windows. 6.00 Central News. 7.30 The Fall Guy. 11.00 Central News. 11.05 Invitation to Terror: "I Don't Want To Be Born," starring Joan Collins and Donald Pleasance. 12.56 am Barney Miller.

CHANNEL

1.20 pm Channel Lunchtime News. What's On Where, and Weather. 2.45 The Friday Matinee: "Death Sentence." 5.15 Emmerdale Farm. 6.00 Channel Report. 6.30 Clapperboard. 7.30 Hart to Hart. 10.28 Channel Late News. 10.35 Aujourd'hui en France. 10.40 Mysterious Tales. 10.45 Three's Company. 11.15 Continental Cinema: "A Pain In The A***." 12.45 am News and Weather in French.

GRAMPIAN

9.30 am First Thing. 1.20 pm North News. 2.45 Friday Matinee: "The Promise." 5.15 Square One. 6.00 North Tonight including Sports Desk. 7.30 The Fall Guy. 10.30 Feature Film: "Vampire Circus," starring Adrienne Corri. 12.10 am North Headlines, Road Report.

GRANADA

1.20 pm Granada Reports. 1.30 Exchange Flags. 2.00 Take the High Road. 2.30 Friday Matinee: "The Admirable Crichton." 6.00 Kick Off. 6.30 Granada Reports. 7.30 The Fall Guy. 11.00 A Week On Friday. 11.30 For Adults Only: "Dirty Money."

HTV

11.50 am Cartoon Time. 1.20 pm HTV News. 2.45 Friday Film Matinee: "Make Me An Offer." 5.15 Benson. 6.00 HTV News. 6.30 Mr and Mrs. 7.30 The Fall Guy. 10.28 HTV News. 10.30 The Good Neighbour Show. 11.00 The Late Night Film: "Crescendo."

HTV Cymru/Wales—As HTV West except: 11.34-11.49 am About Wales. 12.00-12.10 pm Ffalabalam. 4.15-4.45 Eliffantod Yr Affriq. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30-11.00 Outlook.

SCOTTISH

1.20 pm Scottish News. 1.30 Square One. 2.45 Friday Matinee: "Joe Dakota." 5.15 Emmerdale Farm. 6.00 Scotland Today. 6.25 Sports Extra. 6.45 Hear Here. 7.30 Charlie's Angels. 10.30 Ways and Means. 11.00 Bizarre. 11.30 Late Call. 11.35 The Streets of San Francisco.

TSW

1.20 pm TSW News Headlines. 2.45 Death Sentence. 4.12 Gus Honeybun's Magic Birthdays. 5.15 Emmerdale Farm. 6.00 Today South-West. 6.30 What's Ahead. 7.30 Hart to Hart. 10.32 TSW Late News. 10.35 Callback. 10.40 Mysterious Tales. 10.45 Three's Company. 11.15 Continental Cinema: "A Pain In The A***." 12.45 am South-West Weather.

TVS

1.20 pm TVS News. 2.45 Friday Matinee: "Death Sentence" (TV Movie). 5.15 Watch This Space. 5.30 Coast to Coast. 6.00 Coast to Coast (continued). 6.30 Friday Sportsshow. 7.30 The Fall Guy. 11.00 Horror!: "Torture Garden," starring Burgess Meredith. 12.45 am Company.

TYNE TEES

9.25 am The Good Word. 9.30 North-East News. 1.20 pm North-East News and Lookaround. †2.45 Friday Matinee: "Background," starring Valerie Hobson. 6.00 North-East News. 6.02 Sportstime. 6.30 Northern Life with Tom Coyne. 7.30 The Fall Guy. 10.30 North-East News. 10.32 Meet Mike Elliott. 11.30 Hammer House of Horror. 12.30 am Anticipating Valentine's Day.

ULSTER

1.20 pm Lunchtime. 2.45 Friday Matinee: "The Blue Bird," starring Shirley Temple. 4.13 Ulster News. 5.15 Hear Here. 5.30 Good Evening Ulster. 6.00 Good Evening Ulster. 6.30 Diff'rent Strokes. 7.30 The Fall Guy. 10.29 Ulster Weather. 10.30 Witness. 10.35 Counterpoint Special. 11.35 Bedtime.

YORKSHIRE

1.20 pm Calendar News. †2.45 Friday Matinee: "Judgment Deferred," starring Joan Collins. 5.15 Square One. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 7.30 The Fall Guy. 11.00 Thriller: "The Death Policy."

RADIO

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.30 Newsbeat. 5.45 Roundtable. 7.00 Andy Peebles. 10.00-12.00 The Friday Rock Show (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News: Sport. 6.00 John Dunn (S). 8.00 Jim Macleod and His Band (S). 8.45 Friday Night Is Music Night (S). 9.55 Sports Desk. 10.00 Listen To Les says Les Dawson. 10.30 Anything For A Laugh. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Berlioz (S). 10.00 Macolmn Bilson fortepiano recital (S). 11.15 John Alldis Choir (S). 12.15 pm Midday Prom, part 1 (S). 1.00 News. 1.05 Interlude. 1.20 Midday Prom, part 2 (S). 2.05 Oboe and Piano Music (S). 2.35 Busch Quartet Plays Beethoven. 3.20 Stravinsky and Tippett concert (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly For Pleasure (S). 6.55 Play It Again (S). 7.00 Three Italian Writers (1) Cesare Pavese. 7.45 Polish Chamber Orchestra concert, part 1 (S). 8.25 Interval Reading. 8.30 Concert, part 2. 9.15 Independence: Poet Andrew Motion introduces a reading of his poem. 9.45 Mozart and Liszt piano recital (S). 10.15 Book, Music and Lyrics (S). 11.00 News. 11.05-11.15 Grieg Part-songs (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs. 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Great Families of Britain. 11.50 Bird of the Week. 12.00 News. 12.02 pm You and Yours. 12.27 My Word! (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.05 Poetry Please! (S). 4.15 Modern French Writers. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Miles Kington delves into the BBC Sound Archives. 12.00 News.

FT COMMERCIAL LAW REPORTS

Failure to alert basis for estoppel by silence

PACOL LTD AND OTHERS v TRADE LINES LTD AND ANOTHER

Queen's Bench Division (Commercial Court): Mr Justice Webster: February 3 1982

WHERE ONE person fails to bring facts to the attention of another, knowing him to be mistaken as to rights and obligations between the one and the other, and where the circumstances are such that a "reasonable man" would expect him, acting honestly and responsibly, to alert the other to the truth thus preventing him from acting to his detriment, an estoppel by silence or acquiescence arises by which he is prevented from asserting those facts in defence to an action by the other.

Mr Justice Webster so held when granting a declaration sought by Pacol Ltd and others, consignees of cargo, that Trade Lines Ltd, charterers, were estopped from denying that they were parties to bills of lading, in an action for damages for breach of contract brought by the consignees against the charterers and R/I Sif XIV, shipowners.

* * *

HIS LORDSHIP said that the Henrik Sif was let on a time-charter. Three bills of lading acknowledging the shipment of cargo on board the vessel were signed by the Master. Each bill stated that it constituted the contract between the consignees of the cargo and the shipowners.

The cargo was found to be contaminated at the port of discharge. Under the Hague Rules a 12 months' limitation period began to run in respect of any proceedings against the shipowners. The consignees took no steps within that time. They mistakenly believed that the charterers were demise charterers in the position of owners and were accordingly the proper party to be sued under the bills of lading.

Two years later the consignees commenced proceedings against the charterers and the shipowners. The shipowners said the claim against them was time-barred, and the charterers denied liability in that they were not parties to the bills of lading.

The consignees alleged that the charterers had known of their belief that the charterers were the proper party to be sued, and had been under a duty to inform them that they were not. They said that, by their silence, the charterers represented that they were the proper party: in reliance on that representation the consignees took no steps against the shipowners within the 12-month period, and had irrevocably altered their position to their destriment in that the claim was now time-barred.

The evidence showed that certain letters and requests for information from the charterers led the consignees to believe that the charterers were the proper party.

On the present preliminary issue as to whether the charterers were estopped from denying that they were parties to the bills of lading, Mr Walker for the consignees, submitted that he could rely on any one of three different species of estoppel: (1) estoppel by silence or acquiescene; (2) promissory stoppel *inter pais*; and (3) an equitable estoppel not confined to an estoppel affecting rights or interests in land.

He submitted that estoppel by silence or acquiescence arose whenever the party against whom the estoppel was raised was under a duty to speak. He said that the charterers were under a duty to inform the consignees that they were not the parties to bills of lading because they knew of the consignees' mistaken belief.

Mr Aikens for the charterers, submitted that there was no such duty in the present case since any duty capable of giving rise to an estoppel by silence or acquiescence must be a pre-existing legal duty.

In the *Moorgate Mercantile* case [1977] AC 890, at page 903, Lord Wilberforce said with regard to the test as to "duty" that the question was whether ". . . a reasonable man, in the position of the 'acquirer' of the property, would expect the 'owner' acting honestly and responsibly, if he claimed any title in the property, to take steps to make that claim known to, and discoverable by 'the acquirer' . . ."

*

Those words, read literally, could be treated as being confined to cases of proprietary estoppel. Nonetheless, the dictum was persuasive authority for the proposition that the duty necessary to found an estoppel by silence arose where a "reasonable man would expect" the person against whom the estoppel was raised, "acting honestly and responsibly" to bring the true facts to the attention of the other party known by him to be under a mistake as to their respective rights and obligations.

The charterers were under a duty to alert the consignees to the true facts. A reasonable man would have expected them to do so. Accordingly the consignees established the estoppel by silence on which they relied.

The second species of estoppel on which Mr Walker relied was a promissory estoppel *inter pais*. In the *Ion [1980] 2 Ll Rep 245* Mr Justice Mocatta said, at page 250, that the principle relating to promissory estoppel presupposed *inter alia* "(1) a legal relationship between the parties; (2) a representation . . ."

The correspondence between the parties gave rise to a legal relationship. If there were any doubt about that, because of the non-existence of any binding legal relationship, his Lordship would apply the dictum of Mr Justice Goff in the *Texas Bank case [1981] 2 WLR 554*, where he said at page 573, "where . . . the estoppel relates to the legal effect of a transaction . . . it does not necessarily follow that the underlying transactions should constitute a binding legal relationship."

*

The doctrine of estoppel, applied to the facts as a rule of evidence, had the effect that the charterers were prevented from denying the consignees' allegation that they were parties to the bills of lading. Because they were to be treated as parties the consignees had a cause of action against them.

The third species on which Mr Walker relied was what was loosely described as an equitable estoppel not confined to cases involving rights or interests in land.

In *Taylors Fashions [1981] 2 WLR 579* Mr Justice Oliver said at page 596, the question was "whether . . . it was unconscionable for the defendants to take advantage of the mistake." That case, and the *Texas Bank* case appeared to support the proposition that there now existed a species of estoppel founded on the general equitable principle on which Mr Walker relied. If that principle were applied to the present facts, it would be unconscionable for the charterers to be allowed to deny that they were the proper party.

However, Mr Aikens argued, with some justification, that in the *Texas Bank case [1981] 3 WLR 565*, the Court of Appeal treated the estoppel not as equitable estoppel, but estoppel by convention. Lord Denning said at page 575, "When the parties . . . proceed on the basis of an underlying assumption . . . neither of them will be allowed to go back on that assumption when it would be unfair or unjust to do so." Lord Justice Brandon said at page 583, "The kind of estoppel which is relevant . . . is . . . estoppel by convention."

If, contrary to his Lordship's view, the consignees had failed to establish any one of the three species on which they relied and the third species did not exist, then it might be that they could rely on estoppel by convention, the "underlying assumption" being the assumption that the charterers were capable of being made liable under the bills of lading.

Judgment for the consignees.

For the consignees: Timothy Walker (Clyde & Co.).
For the charterers: Richard Aikens (Ince & Co.).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

LULAV will be well backed for the Triumph Hurdle at Cheltenham if he wins today's Stroud Green at Newbury. His stable mate, Broadsword, won last year's Newbury race and became the shortest-priced Triumph Hurdle favourite since Attivo.

Lulav has had just two races to date over the minor obstacles. He impressed on his debut at Kempton on January 22, holding off his persistent challenger, Hiz.

He then appeared to have his limitations exposed as he went down, albeit narrowly, to Gaye Brief and Ryeman in Doncaster's Rossington Main Novices Hurdle.

Those who had already backed Lulav for the Triumph Hurdle were probably justified in feeling disappointed at his inability to peg back the first two horses.

The Nicholson hurdler, beaten one length and one and a half lengths, was meeting Gaye Brief on weight for age terms, and he will need to show a few pounds improvement on this occasion if he is to cope with some talented rivals, including Brave Hussar and Dr Steve.

There is likely to be little in it, and it is with more hope than confidence that I take Brave Hussar to give 5lb to Dr Steve, who proved himself about 11lb behind Goldspun at Leicester recently.

For the afternoon's best bet, backers are probably best advised to wait for Musso in the Haig Whisky Novices' Hurdle qualifier an hour later.

NEWBURY
1.30—Last Argument
2.00—Lucky Call
2.30—Brave Hussar
3.00—Mr Gumboots**
3.30—Musso***
4.00—Lady Martha*

AYR
1.15—Mr Rafferty
2.15—New Formula
4.15—Super Solo

TECHNOLOGY

EDITED BY ALAN CANE

Ferranti's low cost Chinese word processor, left, and a sample of ideograms on the screen

Chinese word puzzle solved

BY NICK GARNETT

A HUGE proportion of the world's population has been totally bypassed until now by the revolution in computer-based word processors simply because of an historical accident of language.

The word processor is essentially suited to languages with alphabets — a finite number of elements used as building block for words and sentences. That virtually precludes China, the most populous country, and a a lot of smaller but economically important nations whose languages are made up in total or in part by characters rather than letters.

It has hindered the use of such equipment in Japan, the language of which is composed of both characters and an alphabet.

Ideograms

These ideographic languages *have proved to be a real* headache for computer manufacturers. For example, a *word processing system that* is to be of general use to industry and commerce in *China needs to have a stored* dictionary of at least 6,000 characters—"pictures" made *up of individual strokes*, each character representing a word.

Ferranti Computer Systems has a language word processor which it believes to be a breakthrough *in* terms of technique, simplicity and commercial viability.

A complete system will cost about £11,000. It has already been displayed in China and is due to go on show in Peking next month.

The company believes potential sales for such ideographical language processors (ILP) could run into billions and that the basic principle used in the Ferranti model could be used for manufacturing processors in other ideographic languages such as Japanese, Korean and Arabic.

Ferranti is by no means the only computer company which has been *tussling with* the problem. Toshiba is working on a system based on voice recognition in which the processor would analyse which character was likely to represent *what was spoken to it*, given the fact that the sound of any particular Chinese *word is usually the same as* that of several other words.

Wang is selling a system *using* a technique of *building* up characters to an artificial set of rules.

The Ferranti ILP system utilises a method suggested and developed by Mr Raymond Wu, the company's project manager.

Input is based on the principle that phonetic Chinese is represented by the Roman alphabet. The operator, for example, wishes to process a sentence beginning with the word Shanghai and to be *written in* Chinese characters on the printer.

Phonetics

He or she taps out on the *keyboard the word* "Shang" which is phonetic for the actual Chinese word. The *display unit will then* show 12 characters from which the operator will have to select one.

This is because the sound "Shang" could be 12 *different words — business*, up, appreciate, for example, or the first half of the name for China's biggest city which is what the operator is seeking.

The operator, speaking and *reading Chinese*, will recognise the character representing the word he or she wants.

Ferranti sees its *main* market as Chinese dealing with other Chinese, not only in China but also in Taiwan, Hong Kong and Singapore. Apart from the normal benefits of the processor, the company believes its use would have a particular dramatic effect in three main areas.

First, it would be a tool for companies handling documents which have to be revised and updated. The Chinese do have a typewriter but with 2,300 characters. This is slow, cumbersome and restricted in application. The ideographic language processor would even the odds.

Second, the Chinese have a national/international telex system which cannot transmit Chinese characters. So Chinese telex operators have a standard telegraph code book listing 9,999 characters each with a specific number.

To send a telex involves issuing a series of numbers *which have to be manually* coded and decoded. The ILP system will do this coding *function*.

Finally, the ILP can be used for a whole series of *functions, involving data capture* in which the machine *would be linked to a bigger computer and* where *a mixture of information in both* Chinese characters and an *alphabetic script could be* handled. Ferranti is examining the possibility of utilising the processor as the input end of a phototypesetter for printing in Chinese.

Energy work at risk as pay-off nears

BY GEOFFREY CHARLISH

IN THE U.S., work on the direct conversion of heat to *electricity appears to be* approaching the point of viability at the same moment that the U.S. Government plans to terminate its funding.

Thermo Electron Corporation of Waltham, Mass., has now had one of its flame-heated thermionic energy converters running for over 11,000 hours under realistic conditions. The devices produce electricity direct from heat energy; there are no moving parts.

But the U.S. Department of Energy, in what Dr Fred Huffman of TEC calls "its *infinite wisdom*" has decided to terminate funding in 1983

The technique will probably never *allow* the *total heat of* a furnace to be directly converted due to the basic physics involved. However, according to Huffman, who manages the company's direct *energy conversion department*, these devices could increase the efficiency of present hydrocarbon *(and nuclear)* powered generating stations from a nominal 35 per cent to about 50 *per cent*.

As hydrocarbon prices escalate towards the end of the century, these and similar developments are bound to assume increasing importance.

Present *electrical* generation methods are notoriously wasteful. Up to two-thirds of the heat energy from the combustion never appears as *electrical* power; it goes up the stack or *into the cooling* towers.

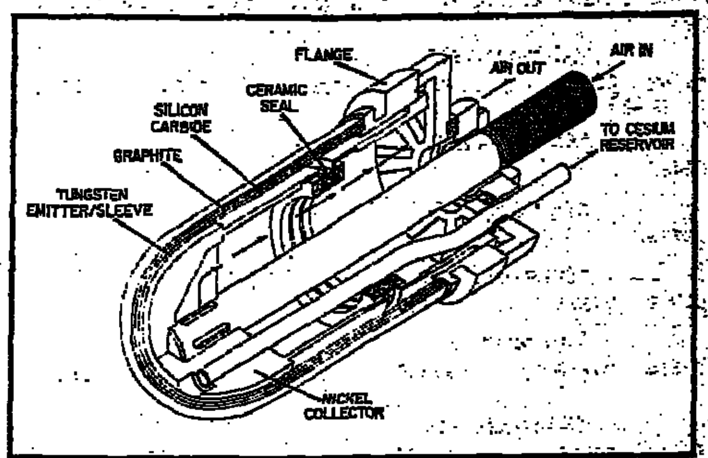
At the furnace end of the conversion chain however, where conventional equipment cannot make good use of high temperature heat, thermionic devices are at their best, the efficiency improving with increasing temperature.

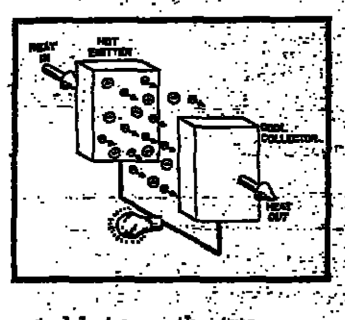
TEC has cells an inch or two in diameter and a few inches long which, used in furnace walls *in large numbers, could* already produce current densities of about 10 amps sq cm of *cell surface*. The voltage is low, about 0.5W per cell, but many would be connected in series to *give practical voltage* values.

The DC current produced *could be converted to AC by* modern power inverter systems and added to the station's output—a *process called* "topping." The remaining, reduced temperature gases *would then pass into* the customary steam/rotary machine chain.

The technology employed is similar to that of the old thermionic diode valve used in *electronic equipment up until* the 1960s. Housed inside an evacuated *glass cylinder* was a small piece of electrically heated metal or metal oxide from which electrons boiled off into the vacuum. A second plate, carrying a positive voltage, attracted the electrons.

In the TEC cell the two electrode surfaces are much closer together and the electrons move across under thermal effects only, to give a current in any external circuit connected between the two.





The TEC energy converter, above, and how it works, below.

All of this is easy enough to do in the laboratory, but to replicate it in the corrosive, *high* temperature environment of a furnace is another matter. The problem is pretty basic: the highest possible temperature is needed for highest thermionic efficiency (more electrons are emitted) but the higher the temperature the more difficult it becomes to prevent oxidation of the cell — it literally tends to burn up.

The structure of the cell is coaxial, with the emitter on the outside, receiving maximum heat, and the air-cooled collector down the centre.

TEC's principal problem has been with the outer coating. More than 100 materials have been looked at and the 11,000-hour result was obtained with a "hot shell" of silicon carbide applied by chemical vapour deposition. In testing, the shell has been subjected to temperature gradients exceeding 1,000 deg K per centimetre some 20 times and has been cycled between 900 deg K and 1,875 deg K 100 times, without failure.

But silicon carbide thus applied is expensive, as are the special Inconel alloys that have been tried. *Nevertheless*, the capital cost per kilowatt has been brought down from an impossible *$10,000/kW in 1978* to "an expected" $500/kW at present. Huffman is honest *however*: "Thermionic energy conversion is a high risk, high pay-off technology. The current demonstration shows how far we've come, but we still have a considerable way to go."

Other trade-offs have to be juggled with. For example, unless the electrodes are less than five tenths of a "thou" apart, an electron cloud called a space charge builds up between them, cutting the current. The introduction of caesium prevents this and allows *wider spacing*, but the result is a loss of cell voltage. . . .

A further approach at TEC has been to use a tiny spacing with semiconductor powder between which prevents space cloud formation.

Across the country in California another company, Rasor Associates, has been working in the same field and recently produced a unit about the size of a waste paper basket with an output of 6,500 amps. It has also been working on the idea of grooved electrodes to increase the effective surface area and current.

Ultimately, the thermionic technique might be used in conjunction with another technology called MHD, or magnetohydrodynamics. In MHD the initial hot gases which are electrically conductive, would be passed through a very strong magnetic field, producing a current. The output gases, still very hot, would then move into the thermionic devices.

Although Brown Boveri has been connected with the TEC work, no other thermionic activity is known to be going on Europe, and there is certainly none in the UK.

Electronic 'notepad' interface

TRIUMPH ADLER, the office equipment manufacturer, has developed software which enables users of one of the more unusual "electronic notepads," the "Microwriter" to transfer information to and receive data from a TA wordprocessor.

The Microwriter, invented by Mr Cy Endfield and manufactured by his company Microwriter, jointly owned by Hambro Life Assurance is a hand-sized box, equipped with six keys and a single line screen.

By pressing the keys in various ways it is possible to write and store up to about 1,500 words in the machine. The stored text can be displayed on a video monitor or printed out simply by plugging the gadget *into screen or printer*.

TA is on 01-250 1717. Microwriter on 01-640 5239.

BOND DRAWINGS

NOTICE OF FINAL REDEMPTION

REPUBLIC OF AUSTRIA
6¾% Bonds 1982

Holders are reminded that the final redemption of these Bonds will be effected on 15th March, 1982 at the offices of:—

S. G. WARBURG & CO. LTD.,
30, Gresham Street, London EC2P 2EB.,

or at any of the other Paying Agents named on the Bonds.

Interest will cease to accrue on the Bonds on and after 15th March, 1982.

The following Bonds previously drawn for redemption on the dates given below, have not as yet been presented for payment.

15th March, 1975

09782	09783	09889	09896	10273	10274	10604	10605
10626		11135 to 11138					

15th March, 1976

00018 to 00020		00494

15th March, 1977

20568	20569	20675

15th March, 1978

03088	03653	03729	04892	04898	04899

15th March, 1979

07220	07575	07605	07770	08320	11197	11354	11355
11956	11957						

15th March, 1980

00980	01184	01317	01318	01320	01464	01465	01522
01568 to 01573		01579 to 01583		01592	01593	01674	02356

15th March, 1981

12083	12084	12130	12131	12300	12438	12456	12457
12465	12466	12664	12665	14035	14038	14039	14259
14260	14286	14287		14321 to 14323		14356	14357
14590	14819	14950 to 14952		15373 to 15379		15540	15695
15622	15779	15814	15866	15872		16165 to 16167	
16247 to 16249		16363	16364				

30, Gresham Street, London EC2P 2EB. 12th February, 1982

THE MORTGAGE BANK OF THE KINGDOM OF DENMARK
(Kongeriget Danmarks Hypotekbank)
5⅝% U.S.$ Bonds of 1964 Series XIX

S. G. WARBURG & CO. LTD., announce that the annual redemption instalment of U.S.$800,000 has been met by purchases in the market to the nominal value of U.S.$458,000 and by a drawing of Bonds to the nominal value of U.S.$342,000.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:—

3501 to 3510	3568 to 3572	3646 to 3654	3678 3679	3709 3710
3734 3735	3801 to 3805	3809 to 3815	3850 to 3852	3858
3878 to 3880	3900 to 3902	3905 to 3913	3919	3922 to 3930
3971	3973 3974	3976	3979 to 3985	4044 4045
4053 to 4055	4074 4075	4081 4082	4086 4097	4124 to 4128
4163 to 4165	4169 4170	4213 to 4217	4232 to 4240	4247 to 4251
4315 to 4318	4324 to 4327	4346 to 4350	4353 4354	4364
4394 to 4398	4416 to 4420	4446 4447	4449 4521	4558
4581 to 4588	4608	4611 to 4621	4643 to 4645	4659
4662 4663	4666 to 4675	4681 to 4685	4688 to 4692	4699 to 4701
4707	4721 to 4732	4864	4875 to 4878	4892 to 4900
4966 to 4968	4971 to 4973	5013 5014	5020 to 5030	5036 5037
5042 to 5048	5203	5205 to 5213	5219 5220	5225 to 5227
5229 to 5233	5235 5236	5273 to 5282	5288 5289	5308
5401 to 5409	5481 5482	5486 5493	5503 to 5505	5523 to 5526
5531 to 5540	5591 to 5594	5601 to 5603	5606 to 5610	5655 5656
5659 to 5662	5693 5694			

On the 15th March, 1982, there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:—

S. G. WARBURG & CO. LTD.,
30, Gresham Street, London EC2P 2EB

or with one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 15th March, 1982, and Bonds so presented for payment must have attached all coupons maturing after that date.

U.S.$1,600,000 nominal amount of Bonds will remain outstanding after the 15th March, 1982.

30, Gresham Street, London EC2P 2EB 12th February, 1982

NOTICE OF REDEMPTION

EUROPEAN COAL AND STEEL COMMUNITY (E.C.S.C.)
6½% 20 Year Bonds of 1967 due 1st March, 1987

The Commission of the European Communities informs all Bondholders that a selection by lot for a principal amount of U.S.$1,383,000 has been made for redemption in the presence of a Notary Public by Banque Internationale à Luxembourg.

11 to 310	320 to 331	335 to 338	340 351	353 to 360
389 to 398	410 to 413	418 to 426	429 430	434 to 452
454 to 499	566 to 570	611 to 643	649 to 651	660 to 668
708 to 717	719 720	723 to 730	741 to 767	851 to 890
1030 to 1046	1051 to 1054	1062 to 1084	1324 to 1334	1386 to 1397
[illegible] to 1423	1428 to 1437	1442 to 1445	1448 to 1457	1459 to 1463
1468 1469	1475	1477 to 1480	1483	1496 to 1498
1500	1514 to 1516	1531 to 1587	1601 to 1610	1613 to 1615
1619 to 1683	1692 to 1695	1701 to 1862	1864 to 1866	1870 to 1889
1895 to 1897	1901 to 1907	1912 1913	1918 to 1924	1926 to 1933
1949	1951 to 1955	1960 1961	1964	1971 to 1975
1986	1990 1991	1999 to 2028	2032 2033	2037 to 2039
2048 to 2052	2056 2057	2071 2072	2076 to 2085	2087 to 2092
2096 2097	2159 to 2166	2178 to 2200	2206 to 2208	2211 2212
2222	2233 2235	2237 to 2240	2255	2257 to 2259
2263 to 2267	2271 to 2290	2692 to 2696	2699 to 2709	2711 to 2715
2718	2720 2721	2725 to 2730	2791 to 2798	2801 to 2808
2813	2816 to 2833	2835 to 2890	24913 to 25000	

Principal amount of Bonds purchased: U.S.$317,000
Principal amount called for redemption: U.S.$1,700,000
Principal amount unamortised after 1st March, 1982: U.S.$8,000,000

The Bonds selected by lot will be reimbursed on or after 1st March, 1982, with the coupon due 1st March, 1983, and following in accordance with the terms of payment mentioned on the Bonds.

The following Bonds previously drawn for redemption on the date given below have not as yet been presented for payment:—

1st March, 1981

7472 to 7474 7476 to 7479 7552 7553 8114 8137 8138

Luxembourg 12th February, 1982

COMPANY NOTICES

CANADA-UNITED KINGDOM FREIGHT CONFERENCE
NOTICE TO IMPORTERS IN THE UNITED KINGDOM
Traffic from Canada

Customs Clearance Charges in the U.K. Importers are hereby informed that as a result of continuing increases in costs, the scale of charges applicable when customs clearance services are performed by member lines of the above conference on cargo imported from the Canadian Maritime, St. Lawrence River and Great Lakes Ports are no longer compensatory and whilst every effort has been made to contain the necessary increases, the member lines have no alternative but to implement the following revised scale of charges with effect from 1st April 1982:—

Preparation, presentation and lodging of prime customs entries excluding baggage sufferance. NOTE—When post entry is required an additional charge of PDS 20.00 will be assessed.	PDS 20.00
Baggage sufferance .... NOTE—The foregoing charges apply to entries containing one or two H.M. Customs tariff items. Entries containing more than two tariff items to be subject to an additional PDS 4.00 per additional heading or line.	PDS 17.00
Adjustment fee	PDS 12.00 per entry
Presentation and lodging of entries prepared by importers	PDS 13.00 per entry
Attendance and supervision house-to-house and pier-to-pier containers	PDS 10.00 per container with a maximum of PDS 55.00 per consignment
House-to-pier containers and L.C.L. cargo up to 10 tons	PDS 10.00 per consignment
Over 10 tons	PDS 2.00 per ton with a maximum of PDS 55.00 per consignment

Atlantic Container Line G.I.E.
Canadian Pacific Steamships Ltd.
Dart Containerline (Canada) N.V.
Hapag-Lloyd AG.
Manchester Liners Ltd. Joint
Golden Cross Line Ltd. Membership
CANADIAN ATLANTIC FREIGHT SECRETARIAT LTD.
Secretaries

Cunard Building,
Liverpool L3 1DS.
February 1982.

NEW ZEALAND
6½% Sterling/Deutsche Mark Bonds 1982
NOTICE OF FINAL REDEMPTION

S. G. WARBURG & CO. LTD., advise Bondholders that all outstanding Bonds of the above named loan are redeemable at par on 14th March, 1982 and that interest will cease to accrue on that date. Holders are reminded that in order to qualify for payment in Deutsche Mark at the fixed rate of DM 11.11 to £1, Bonds must be presented to Paying Agents by 26th February, 1982.

Bonds are payable at:—
S. G. WARBURG & CO. LTD.,
30, Gresham Street,
London, EC2P 2EB,

or with any of the Agents named on the Bonds.

The following Bonds drawn for redemption on the date below have not yet been presented and are therefore not eligible for payment at the fixed rate of conversion for Deutsche Mark.

14th March, 1980
£90 Bond Nos.:
15575 to 15577

30, Gresham Street,
London, EC2P 2EB.
12th February, 1982

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN RYOBI LIMITED

Further to notice of 13th November, 1981, The Bank of Tokyo Trust Company, London, as depositary informs EDR holders that shares in respect of the free distribution are now available in Tokyo and, in order to obtain these, coupon No. 1 should be presented to the depositary or the depositary's agent, The Bank of Tokyo (Luxembourg) S.A., 22-24 Boulevard Royal, Luxembourg.

Coupon holders should submit delivery and registration instructions covering their entitlement of New shares when presenting coupon No. 1.

THE BANK OF TOKYO TRUST COMPANY
London (Depositary)

SOCIETE FINANCIERE POUR LES TELECOMMUNICATIONS ET L'ELECTRONIQUE S.A.
S.O.F.T.E.
U.S.$50,000,000
Floating Rate Notes 1980/1986

Irrevocably and Unconditionally Guaranteed by S.T.E.T.—Società Finanziaria Telefonica per Azioni

We inform Bondholders that the U.S.2,000,000 redemption instalment due on March 16, 1982 was entirely met by purchases in the market.

Amount not yet redeemed after this second instalment:
U.S.$46,000,000.

The Fiscal Agent
CREDIT LYONNAIS, LUXEMBOURG

REGIE NATIONALE DES USINES RENAULT
7.25% 1972/87
Loan of FF 200,000,000

We inform the Bondholders that the March 15, 1982 repayment instalment of FF10,000,000 has been made by purchase on the market.

Amount outstanding: FF 142,000,000.

The Principal Paying Agent
SOCIETE GENERALE ALSACIENNE DE BANQUE SUCCURSALE DE LUXEMBOURG
15, Avenue Emile Reuter,
Luxembourg.

REGIE NATIONALE DES USINES RENAULT

7¼% Lebanese Pounds Bonds due 1985

Numerical list of the series including the 5,000 bonds drawn by lot and making up the entire LL 5,000,000 nominal amount to be redeemed on March 15, 1982.

First and last numbers of the series

8,164 to 13,163

Each of these bonds is repayable at LL 1,000 at the offices of the following banks:

Banque Bruxelles Lambert S.A., Bruxelles
Banque Audi S.A.L., Beyrouth
Kuwait Investment Co. S.A.K., Kuwait
Crédit Lyonnais, Paris
Banque Bruxelles Lambert (Suisse) S.A., Genève
Banque Internationale à Luxembourg, Luxembourg.

NOTICE OF REDEMPTION

MORTGAGE BANK OF FINLAND OY
8¼% 1971-1986 US$15,000,000

Holders of the abovementioned loan are hereby informed that the annual instalment of Doll. U.S. 1,500,000.- due 15th February 1982 has been partially effected by repurchase in the market of an aggregate amount of Doll. U.S. 514,000.- and partially by drawing by lot of the remaining Doll. U.S. 986,000.-

The following Bonds have been drawn in the presence of a notary public at the offices of the trustee:

7841-7854	7862	7865-7911	7913-7933	7944-7951	7959-7982
8009-8035	8038-8039	8041-8051	8099-8126	8168-8206	8211-8216
8236-8238	8244-8250	8287-8306	8312-8341	8351-8368	8371-8388
8402-8406	8413-8442	8459	8490-8491	8494-8528	8539-8555
8575-8580	8582-8583	8585-8598	8605-8620	8626-8645	8647-8649
8664-8714	8717-8732	8737-8742	8744-8762	8768-8791	8802
8806-8807	8818-8841	8862-8863	8882-8890	8952-9027	9022-9121
9144	9147-9157	9159-9160	9162-9163	9165-916[illegible]	9168-9169
9171-9172	9174-9175	9177-9178	9236-9240	9244-92[illegible]	9268-9271
9274-9275	9277-9284	9297	9302	9304	9306-9319
9326-9328	9336-9447				

These Bonds will be redeemable at par on and after 15th February 1982 with all unmatured coupons attached thereto.

The principal amount of bonds outstanding after the amortisation of 15th February 1982 will be Doll. U.S.6,000,000.-

Numbers previously drawn by lot and not yet presented for payment:
C75-676 736-738 803-809 813 831 996-998 1069

BANQUE INTERNATIONALE A LUXEMBOURG
SOCIETE ANONYME
Trustee

Luxembourg,
February 10th, 1982.

Notice to Holders of

A/S EKSPORTFINANS

(Forretningsbankenes Finansierings- og Eksportkredittinstitutt)

U.S. $50,000,000 11¼% Notes Due 1987

Notice Is Hereby Given that pursuant to paragraph 3(b) of the Notes, A/S EKSPORTFINANS has purchased U.S. $8,000,000 aggregate principal amount of the subject Notes during the period beginning 15th January, 1981 and ending 14th January, 1982 in satisfaction of the Purchase Fund obligation. The principal amount outstanding at the end of such period is U.S. $34,[illegible]2,000.

Credit Suisse First Boston Limited
Purchase Agent

12th February, 1982.

BANQUE FRANCAISE DU COMMERCE EXTERIEUR
International Bonds [illegible]%
Due March 15, 198[illegible]
U.S.$20,000,000

We inform the Bondholders that the March 15, 1982 repayment instalment of U.S.$1,000,000 has been made by purchase on the market.

The following Bonds previously called for redemption have not yet been presented for payment:

Numbers 477-4840

Amount outstanding: U.S.$14,500,000.

The Principal Paying Agent
SOCIETE GENERALE ALSACIENNE DE BANQUE

15 Avenue Emile Reuter
Luxembourg.

TELEFONAKTIEBOLAGET L M ERICSSON
6½% Loan 1986

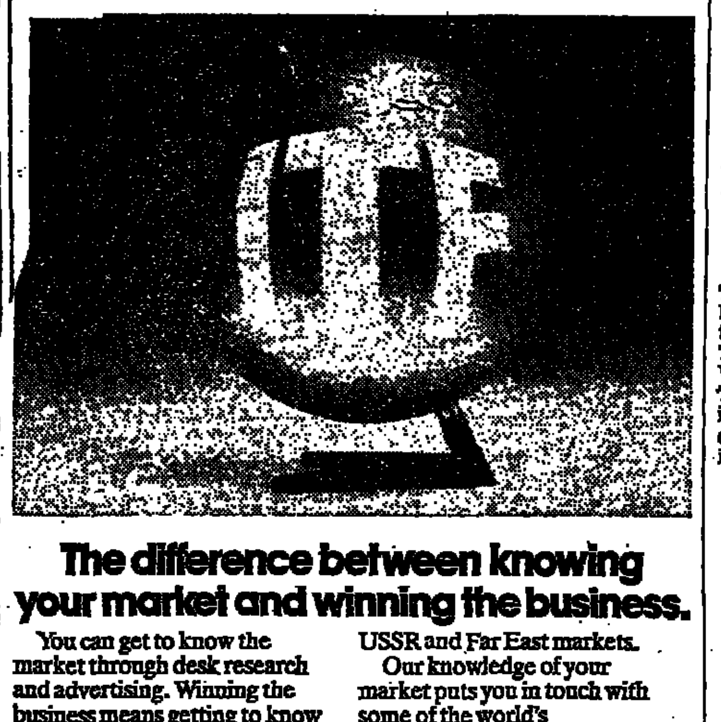
S. G. WARBURG & CO. LTD., announce that the redemption instalment of Bonds due 15th March, 1982 for a nominal value of U.S.$1,200,000 has been met by purchases in the market.

U.S.$4,800,000 nominal amount of Bonds will remain outstanding after 15th March, 1982.

30, Gresham Street,
London, EC2P 2EB.
12th February, 1982.

PUBLIC NOTICES

GREATER LONDON BILLS
£35m Bills issued 11.2.82 maturing 13.5.82 at 13.7305%. Total applications £115m. Bills outstanding £80m.



The difference between knowing your market and winning the business.

You can get to know the market through desk research and advertising. Winning the business means getting to know your customers, and their needs.

It's all the difference between being in the market . . . and being seen in the market-place. It's summed up by a company called ITF—Industrial & Trade Fairs Limited.

You may know we are the world's largest, and the most experienced, independent exhibition organisers. You may be unaware of the enormously wide range of markets our events cover. Or how cost-effective their market-place coverage is—through Europe, the Americas, USSR and Far East markets.

Our knowledge of your market puts you in touch with some of the world's best-attended shows, which your prospective customers rely on to make their buying decisions.

To realise the full potential of ITF shows in the UK and overseas, simply contact **John Legate, Industrial & Trade Fairs Ltd, Radcliffe House, Blenheim Court, Solihull, West Midlands, B91 2BG. Telephone: 021-705 6707. Telex: 337073**

Your market is our business. ITF

APPOINTMENTS

Cadbury Typhoo posts

Mr John Perkins becomes sales director of CADBURY TYPHOO and Mr Geoffrey Hancock has joined the company as marketing director from Northern Foods. Mr Perkins joined Cadburys as sales manager in 1963. Mr Hancock was managing director of the Northern Foods subsidiary Goldrei Foucard.

★

Mr M. Jaegerman has resigned from the board of STANELCO. Mr [illegible] Pahmer and Mr W. Barakat have ceased to be directors. The following have been appointed as directors: Mr David R. Sinigaglia, Mr Alfred O. P. Leubert, Mr Margalit Kohn, and Mr Michele V. Gross. Mr Sinigaglia has been appointed chairman.

★

Mr. Alan G. Martin has been appointed a non-executive director of HILLARDS. He was formerly a director of Industrial and Commercial Finance Corporation.

★

Mr [illegible] J. Harris has been appointed to the board of Brush Electrical Machines, Loughborough. Mr G. L. Kline becomes director and secretary of Wolcode Inc., Pennsylvania. Mr J. B. Malloch joins the board of Crompton Lighting, Guiseley. Mr C. M. Ryland has been made assistant managing director of Hawker Pacific Pty., Sydney. All are HAWKER SIDDELEY GROUP companies.

★

Mr Peter J. A. Robinson has been appointed general manager of the newly-created export and contracts group of the CO-OPERATIVE WHOLESALE SOCIETY. He was previously manager of the export department, which is being combined with the contracts department in view of the forthcoming retirement of contracts manager Mr Gilbert Lee.

★

BRITISH RAIL'S new divisional manager in Leeds is to be Mr Paul Watkinson. He succeeds Mr John Batley who is moving to the British Railways Board secretariat, London.

★

ARTHUR BELL AND SONS has appointed Mr Ronald E. Weeks as marketing director from May 10. Mr Weeks is currently managing director of Grants Wine and Spirit Merchants and was previously marketing director of Grants of St James's. He will be leaving Grants Wine and Spirit Merchants at the end of April.

★

Mr Jim Carr has been appointed treasurer of Burroughs Europe/Africa, a division of the BURROUGHS CORPORATION. He was previously with the company's UK subsidiary, Burroughs Machines.

Mr Norman Snow has been appointed to the board of CRITTALL WINDOWS.

★

At CURRYS GROUP Mr Roger Dickinson, a director of the group, is now responsible for retail operations. He was, until recently, managing director of CGS (Mastercare), Curry's electrical trade service subsidiary, and he has been a member of the main board since 1978. From 1979 he was also responsible for group transport.

Mr Dickinson succeeds Mr Bert Creevy who, although retiring from executive duties, remains a board director and chairman of Curry's subsidiaries, T. Bridger and Son (the group's discount warehouse company) and R. W. Proffitt.

Mr Roger Dickinson

Mr J. Legge and Mr Robert P. Barker have been appointed to the main board of WILLIAM SINDALL.

★

Following the resignation of Colonel J. M. Hopkinson (chairman), and Mr P. F. Jackson (managing director), AUTOMATE BUSINESS MACHINES has appointed Mr. Robert H. Linton as chairman and managing director. He is joined on the board by Mr G. G. D. Cooper, sales director, and Mr G. J. Bowden, financial director. Mrs V. F. Linton has also joined the board.

★

KEEN COMPUTERS has appointed Mr John Clarke as sales director. Mr Clarke recently left the Japanese computer and communications company NEC, where he was responsible for the EDP division throughout Europe.

CONTRACTS

McMichael wins £2.7m

McMICHAEL has won a £2.7m slice of a £77m order to GEC Power Engineering for the 2000 Mw cross-channel power link between Bonningues-le-Calais in France and Sellindge in Kent. McMichael will provide a specialised thyristor gate control link which receives an opto-coupled signal from the central processing unit and ensures correct firing of the thyristor. In addition the company will provide power supply units, driven from the valve module, and interconnecting cable pre-forms.

★

PAKSEAL INDUSTRIES has received an order worth more than £500,000 from Express Newspapers for 28 Hall Monitor counter stacker machines. The machine is designed to discharge on completion of the stack count, irrespective of the batch count setting. Automatic compensation is provided for count setting error. Should the batch counter or stack counter be set for less than the number of newspapers produced in one second, the count will automatically double and complete the stack before discharge.

★

WENTGATE ENGINEERS has received orders for equipment worth around £350,000. About £170,000 worth of the orders are for electron beam welders which will go to export markets. The remainder are orders from leading British aerospace companies for large vacuum furnaces from Wentgate's new PQ (pressure quench) range.

★

An order for two McMICHAEL TV standards converters has been received from Piher Electronica for eventual supply to TV Espania for coverage of the World Cup in June and July. The order, valued at £300,000, is for two of McMichael's ACE digital standards converters and includes advanced comb line decorders, which the company claims will ensure exceptional picture quality for all the 77 countries worldwide receiving television coverage direct from Spain.

★

MYSON FANS, Colchester, has an order for £250,000 worth of large axial flow fans for the Middle East. The fans, which are for the radiator cooling diesel engines, are coupled to 1 and 2 MW alternators.

★

A contract worth £120,000 a year to supply parts for Black and Decker's new product range has been won by a member of the H. A. Light Group.

★

GEC-GENERAL SIGNAL has a contract from British Rail Eastern Region for part of the East Anglian signalling modernisation covering 37 route miles comprising Stage II of the project. The contract, valued at £2.5m, is for the supply and installation of colour light signallig equipment. The area covered comprises the line from Colchester northwards through Ipswich to Sproughton and the line from Ipswich to Westerfield Junction.

★

PLESSEY RADIO SYSTEMS, West Leigh, has secured a £1m contract to supply PRD 1100 radio relay equipment for Danish gas platforms in the North Sea. The company will be the principal sub-contractor to Danish Process Control in what is believed to be the largest offshore turn-key communciations project ever undertaken. A novel feature of the contract is the configuration of the radio relay system which not only provides "hot" standby duplicated links on each circuit path but guarantees a minimum of two alternative traffic routes between any of the seven main platforms in the Danish sector of the North Sea and the primary link to the Danish mainland.

CONTRACTS AND TENDERS

INVITATION TO TENDERERS

REPUBLIC OF THE GAMBIA

MINISTRY OF AGRICULTURE
JAHALY — PACHARR SMALLHOLDER RICE PROJECT

The Government of the Republic of The Gambia expects to receive loans and grants from the African Development Fund (ADF), the International Fund for Agricultural Development (IFAD), the Government of the Federal Republic, channelled through Kreditanstalt für Wiederaufbau (KfW) of Germany and the Government of the Netherlands for the construction of the Jahaly - Pacharr Smallholder Project.

Tenders are invited from qualified Contractors who are registered in The Gambia or any of the Member States or Participating States of the ADF, for the construction of the project. The project is situated on the South bank of the Gambia River near Georgetown. The project works consist of some 20 km of irrigation canals, 80 km of drains, 50 km of access and field roads, 25 km of flood protection dikes, the related structures and 560 ha of land levelling. Also included are 1 large and 4 smaller pumping stations with their mechanical equipment, 9 staff houses, office building, workshop, tractor shed, 2 stores, etc., preparation of servicing and maintenance specifications for installed pumps and related equipment.

Tender documents can be obtained between 21 February and 7 April 1982 from the consulting engineers:

EUROCONSULT B.V.
P.O. Box 441, 6800 AK Arnhem, The Netherlands
Tel. 085 - 513181, ext. 339, Telex 45097 EURO NL
Bank account 55.50.32.051 ABN, Utrecht, The Netherlands
Ref. Gambia no. 5.27.009.

The cost of tender documents is the equivalent of 1,000 Dalasis in convertible currency. Tender documents will be forwarded to interested contractors after receipt of the amount as a bank transfer or bankers cheque. Freight charges to be paid by recipient.

Tenders are to be delivered to the Secretary of the Major Tender Board of the Ministry of Finance and Trade, in Banjul, The Gambia, not later than noon on 7 May 1982.

ISLAMIC REPUBLIC OF PAKISTAN
HYDERABAD WATER SUPPLY AND SEWERAGE PROJECT

PREQUALIFICATION OF CIVIL ENGINEERING CONTRACTORS

The Hyderabad Development Authority invites applications from recognised and experienced civil engineering contracting companies for prequalification to bid for the construction works associated with the provision of a water treatment works of 136,000 m^3/day (30 million gallons per day) capacity in the city of Hyderabad, Pakistan.

The Government of Pakistan has received a Special Funds Loan from the Asian Development Bank in the amount of US$22 million to finance the improvement and expansion of the water supply and sewerage system of the city of Hyderabad, Pakistan, and only companies or consortia of companies from member countries of the Asian Development Bank are eligible for pre-qualification. The value of work is currently estimated at the equivalent of US$8.0 million.

Applications for pre-qualification must be made on the prescribed forms which, together with further information about the works, can be obtained from the office of the Authority's Consulting Engineers, D. BALFOUR & SONS, P.O. Box 1033, Latifabad, Hyderabad, Pakistan, upon written request.

The closing date for receipt of applications for pre-qualification will be 15th April 1982.

DIRECTOR GENERAL
HYDERABAD DEVELOPMENT AUTHORITY
HYDERABAD, PAKISTAN.

The fresh ingredient in a winning strategy

Northern Foods' growth has been constant, but not always smooth. Ian Rodger reports

IT IS a remarkable company that can admit to having made a number of mistakes in its efforts to diversify, yet can also show a record of continuous rapid growth in the past eight years.

Northern Foods is such a company. Northern has tried everything. Flush with cash from Northern Dairies, the principal group company, it has diversified into consumer finance, brewing and retailing, mostly with poor results. Even some of its food company purchases have been difficult to put right.

But that has not stopped Northern's directors from looking for more acquisitions. Last month, they made their second biggest buy ever, paying \$69.1m (£36.9m) for Keystone Foods, a U.S. supplier of meat patties for McDonald's fast food restaurants.

And the Hull-based group's chequered acquisition record has not stopped profits before tax from soaring from £4.7m in the year to September, 1974, to £33m last year, and analysts are looking for another big jump this year to about £43m. Return on capital has been consistently over 20 per cent and often over 30 per cent in this period.

Not surprisingly, the Stock Market gives Northern a substantial premium rating over the average for the food manufacturing sector. The FT-Actuaries food manufacturing group has an average historic price/earnings ratio of 8, but Northern's is 11.

How does Northern do it? Nick Horsley, the chairman, CND button pinned defiantly to the lapel of his shabby jacket, shuffles uncomfortably for some time, then suggests in his soft Yorkshire lilt: "I don't know, really."

Northern understatement apart, Horsley and his fellow executive directors see nothing exceptional about the way the group is run.

They stick rigorously to basic day-to-day controls and let the executives of their operating companies get on with running their businesses.

And from their unhappy experiences with diversification Horsley and his colleagues have learned not to stray much from the highly specialised field in which they have proven skills—that is, the development, manufacture and distribution of short-life food products for a small number of major customers, mainly Marks and Spencer and J. Sainsbury, but now McDonald's too.

The key to the fresh food business is strict quality control in manufacturing, plus distribution. And no one knows how to do this better than a dairy that can put fresh milk on 2m doorsteps every morning.

"I was surprised to find that our production standards are much higher than those in the U.S.," Chris Haskins, the deputy chairman, says.

Northern has learned to exploit its skills in fresh food at a time when this has become the fastest growing segment of the industry. Also, in an unexpected reversal, consumers have increasingly become willing to pay a premium for private brands of fresh food, the particular market on which Northern concentrates.

"We know, and consumers know, that a retailer is totally committed to his own brand," Horsley says. "When you are in the brand business, you are at the mercy of the retailer."

Northern does have its own brands, such as Fox's Biscuits, Park Cakes and Pork Farms, but in none of them does it have an important national market share.

By contrast, its sales to Marks and Spencer last year grew 1? per cent in value (10 per cent in volume) to about 10 per cent of Northern's UK turnover. Sales to Sainsbury are smaller but growing more quickly, partly because of that group's new store openings in the north of England.

Dependence on a few major customers' private brands means that Northern does not have to spend much money on advertising. However, it does spend heavily on product development.

"Marks and Spencer has 850 products in its food section," Haskins says. "But it eliminates 100 and adds 100 every year. It is a fashion business, to some extent."

Northern estimates it bears about 90 per cent of the costs of developing any private brand product. "We like the basic business," says Horsley. "This development stuff is expensive, and only occasionally do you get a winner."

Northern's first big score was the M & S trifle which has now survived for more than 10 years.

Now that Northern has become a fairly large company—sales topped £700m last year—questions are being asked by observers about the size and depth of its management team.

"We had a bigger board 12 years ago," says Horsley, "but we wanted to be able to move quickly." He admits that Northern lacks management depth at the top level but doubts that it could attract people to create it.

"We are not brilliant with people in their 30s because we really don't have anything to offer them," Jack Clayton, the finance director says. "The three of us expect to be here for quite a while yet.

"But we have taken on about 30 graduates in their 20s and they are people we think we can help."

The main challenge for Northern, today as in the past, is finding winning acquisitions. Although they have no corporate plan as such, the directors have a fairly clear idea of what they want and what they want to avoid.

After their unsuccessful bid in 1978 for brewer, James Shipstone and Sons—and how relieved they are now not to have an important position in that industry—the directors decided to restrict themselves to looking for food companies.

The important £22.8m acquisition of Pork Farms, which introduced them to Sainsbury, followed shortly after that and then came the purchase of the bakery products group Goldrei Foucard for £2.45m.

By then, however, the directors were more and more convinced that further major expansion by acquisition could only take place outside Britain and, in particular, in the U.S.

They have looked at other big food businesses in the UK, notably Huntley and Palmer recently, but have decided they could not get the quality of earnings from them that they get from their own operations.

Northern is also very squeamish about redundancies and shies away from any purchase that might oblige it to carry out substantial surgery.

Nevertheless, the group still looks for small, specialised UK companies. Last year, for example, it built up its stake in Cardiff-based food processor, Avana, to 20.5 per cent. The Avana board wants to remain independent and Northern seems content to take a long term view.

Northern's first U.S. acquisition, a pigmeat processor in Philadelphia called Bluebird, which was bought in early 1980 for \$72m (£32.7m), certainly qualified as a food company but turned out nevertheless to be difficult to handle.

Last year, U.S. pigs were in short supply, causing prices to rise and in turn making pork and ham uncompetitive with other meats. Profits tumbled.

Northern was surprised at how volatile this business could be and until prices started to turn up late last year, the directors were rather gloomy about it.

"It's like being on a roller coaster," says Haskins.

The recent Keystone acquisition in the U.S. is probably the sort of company that the group will be looking for most in the future. Although a meat company, Keystone's sales to a major customer, McDonald's, are virtually assured and tied to a cost-plus formula.

Northern looks mainly for earnings growth potential in its acquisitions and in return is prepared to support existing management and inject large amounts of capital and expertise. Its UK capital spending budget this year is £35m.

The takeover that seems best to typify the company's style was that of Park Cakes, made in 1972 for £5.7m. Although a food company, Park specialised in the production of dry cakes, an area that Northern, then still mainly a dairy company, knew nothing about.

Almost immediately, the directors realised they had made a mistake; the market for dry cakes was in gradual and apparently permanent decline. Rather than let it go, they developed a line of fresh cream cakes, invested £3.5m in new machinery and arranged to sell most of the output to Marks and Spencer. Last year, Park contributed about £1m to Northern's pre-tax profits.

One natural corollary of the group's increasing specialisation is that existing parts of the business that don't fit should be disposed of.

In 1978, Northern sold British Credit Trust, the consumer finance subsidiary that dragged down group profits during the 1973 secondary banking crisis.

However, it has held on to Tates, a small supermarket chain in Grimsby, and a small brewery in Hull. "Tates is profitable," Haskins says, "and it gives us a small window on what is happening in the retail trade."

And the brewery?

"This is our town," Horsley says. "The male unemployment rate here is 18.5 per cent. If we sold the brewery, it would be shut down and then it would be 19.5 per cent."

WHERE NORTHERN'S BUSINESS COMES FROM

Year to September 30, 1981

By activity	Turnover £'000	Trading profit £'000
Milk and dairy products	244,202	18,491
Meat products	359,732	12,865
Milling and baking	[illegible]5,997	6,741
Brewing	[illegible],168	2,466
Other	[illegible],196	730
	743,295	41,293
By country		
UK	455,356	34,187
U.S.	287,939	7,106
	743,295	41,293

AUSTERITY is a lifestyle at Northern Foods—the small head office staff of 12 is squeezed into a nondescript building in the centre of Hull. The chairman's office is a drab 12 ft square room with a plain round table in the middle; the finance director would be hard pressed to fit three auditors into his room at the same time.

Austerity also shows up in the group's management systems.

The directors' principle operating tool is a single sheet of paper that arrives once a week. It is a compilation of profit estimates for all the operating companies in the group. The estimates are presented in comparison with the budgeted performance and the actual result in the same week of the previous year.

"This is our fire-fighting report," says Jack Clayton, the finance director. "If something looks awry, we can try and deal with it immediately. Of course, there are also a lot of people ringing in and visiting every day as well."

The fire-fighting report goes back to the time when Northern was just a dairy and it was fairly easy to buld up profit estimates based on the roundsmen's weekly receipts.

Now, it is more difficult for some of the companies to prepare but the group finds that estimates are over 98 per cent accurate.

The other major directors' report is a monthly summary of the same figures plus forecasts for the half year and full year. "I'm most interested in the last items for cash flow and financial planning," Clayton says.

"At first, people were reluctant to put themselves on the line, but I tell them that we are not trying to corner them. We are just trying to get their feel of the market.

"In fact, we expect their forecasts to change each month. It would be amazing if they didn't."

Initially, the directors kept these reports to themselves, but now the managing directors of all the operating companies are given copies as well.

"It provides a sort of group league table," Clayton says. "Each managing director can see how he is doing compared with the others."

Nick Horsley: in the fashionable business of producing short-life food products

Management abstracts

Balancing work and family life. B. S. Greiff + others in Outlook (USA), Jun 81.

Considers difficulties faced by executives in making "trade-offs" to reconcile career aspirations with family life; in the same context takes a look at implications for dual-career parents; suggests ways to minimise upheavals in family life caused by relocation and frequent travel. A related article presents the views of accountants on how they balance the demands of their personal and professional lives.

Multinational practices in less-developed countries. A. S. Ashour in Management International Review (Fed. Rep. of Germany), No 3/81.

Examines practices of multinationals (in such broad areas as finance, marketing, and manpower) aimed at serving their own ends and adversely affecting the less-developed (usually third-world) countries in which they operate; discusses how these may trigger host-country regulations.

Management of foreign exchange risk. L. L. Jacque in Journal of International Business Studies (USA) Spring/Summer 81.

Reviews the literature on foreign exchange risk management, including studies on exchange rate forecasting and measurement of risk exposure; notes developments in handling transaction and translation exposure.

New product planning. J. P. ditch in Long Range Planning (UK), Oct 81

Argues that innovative skills are dissipated because much R & D is directed at what technologists think the market wants rather than at what the market actually requires; quotes anonymous examples to show why "consumer pull" must precede "technology push," and reports how Thomas Salter, the Scottish toy manufacturer, handles innovation.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £2.50 each (including VAT and p and p; cash with order) from Anbar, PO Box 23, Wembley, HA9 DJ.

More companies mount the bonus bandwagon

EXECUTIVES, it seems, have never before had a better opportunity of boosting their pay packets. In spite of the recession — or perhaps because of it — an increasing number are being offered bonus payments to achieve better results.

Although accurate statistics are difficult to come by, more and more salary surveys are featuring bonus payments as a growing constituent in the remuneration package of the country's senior businessmen. In the past six months alone, surveys by Spencer Stuart, PA and Charterhouse have all reported increasing interest in this subject.

The latest management consultancy to confirm this trend is Binder Hamlyn Fry and Co, which reports in its latest publication* on rewarding executives that as many as 50 per cent of all UK public companies may be considering making bonus payments to their executives in 1982.

If so, this estimate is between 10 and 15 per cent more than the figure for the previous year, the company says. It notes that there is no evidence of companies abandoning existing schemes although many corporations are known to be undertaking reviews of current arrangements.

Binder Hamlyn believes that the trading conditions of the 1980s are outside the experience of a majority of executives—most of whom "have matured and been trained in an environment which assumed continuing growth as part of a natural economic order."

In the new environment all the assumptions about motivation have to be questioned if companies are going to survive and prosper, it adds. Binder Hamlyn emphasises that if a bonus plan is considered appropriate, rewards should be related to results, not effort.

Binder Hamlyn admits that there are "tenable and in many cases justifiable" arguments against the introduction of bonus schemes—opponents will argue that there is something wrong if an executive "only gives a better performance when offered an incentive."

However, while the decision about whether bonus payments are desirable or appropriate depends broadly on management style, on the trading environment and operating circumstances, there are many arguments in favour of the concept.

Among them—according to Binder Hamlyn's guide—are that extra remuneration is only given when it can be afforded and does not increase on-going costs such as pensions. Also, recruitment and retention of results-orientated executives is easier, while a bonus plan could help participants to identify more directly with the interests of shareholders.

Binder Hamlyn points out that there may also be circumstances where the need for an executive bonus plan arises from the immediate operating problems of a business—for example when results are poor or, as in 1982, there is national pressure to keep basic salary increases to a minimum "... it could be desirable to introduce a plan which gives evidence of rewards when circumstances change."

The guide says that once a company decides to introduce a bonus plan there are various issues which have to be decided. Among them are the ways success is measured, target setting, frequency and the form of reward (cash or shares or both), and certain operating and administrative requirements.

* *Executive Guide: Rewarding Executives' Results, available from Binder Hamlyn Fry, 2 St Bride Street, London EC4. Price £3.*

Arnold Kransdorff

Prizes for theses

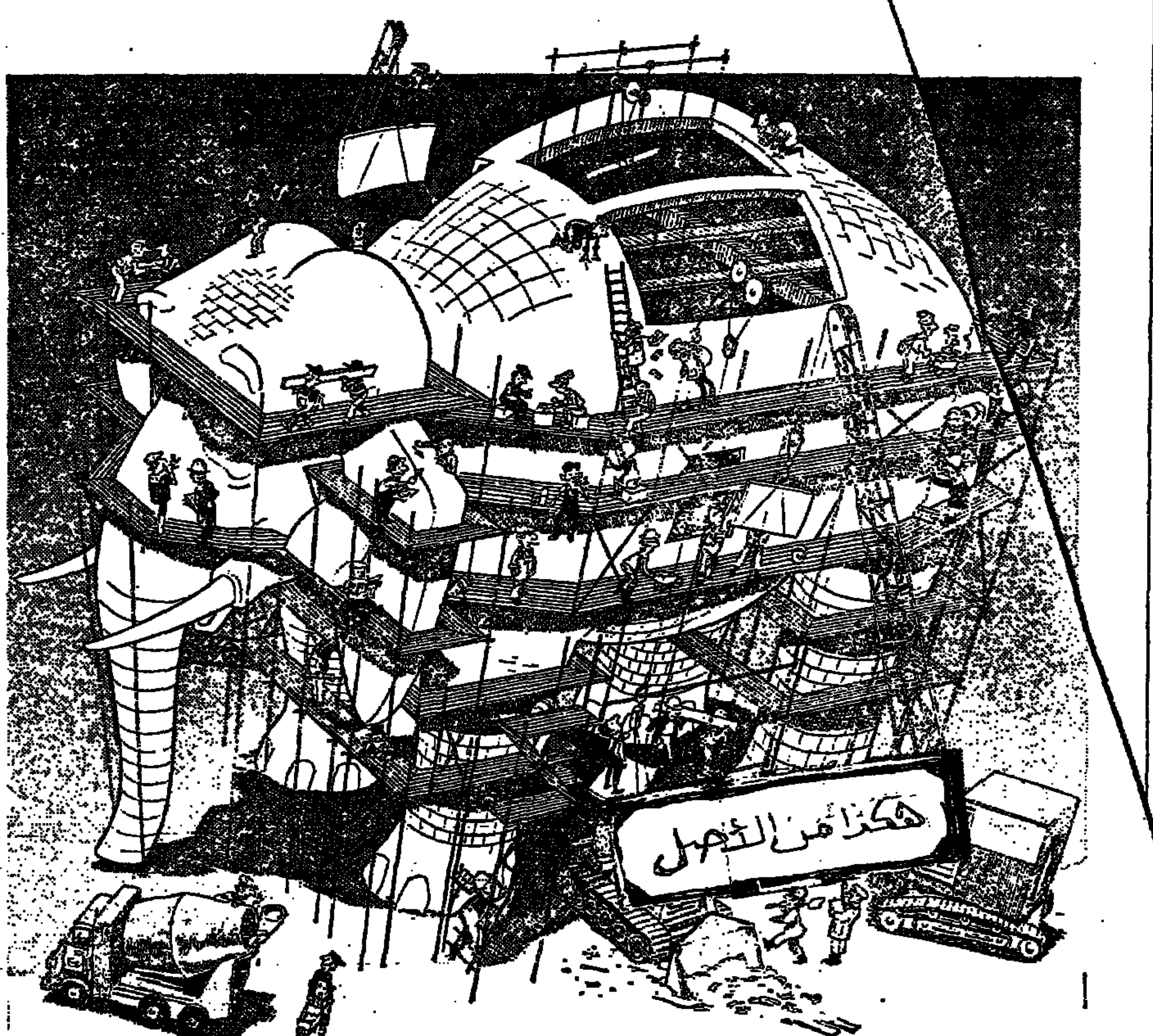
A NEW competition for the best three university theses on multinationals has been announced by the Institute for Research and Information on Multinationals, a Paris-based organisation largely financed by the Swiss-based Nestle group.

The organisers say that entries should examine the internal workings of multinationals, or alternatively their relationships with society. The studies should exclude those from universities in the U.S. unless the research deals with mainly European operations.

The competition is open to individuals who have, or will have, fulfilled a doctorate or equivalent degree between March 1978 and February 1982. The closing date for applications is March 31.

First prize will be the currency equivalent of FFr 20,000 (around £2,000), second prize FFr ?000 and third prize FFr 10,000. The competition will be judged by leading academics of European and U.S. universities.

* *Details from IRM, 29 Boulevard Bourdon—75004 Paris.*



Cinema

Beware dragons by WILLIAM RODGERS, MP

Winter of our Dreams (X)
The Lane, Odeon, Kensington, Screen on the Green
Dragonslayer (A)
Odeon Marble Arch, Classic Haymarket
Alligator (AA)
Classics Oxford Street and Haymarket, ABC Bayswater and Fulham Road
On the Yard
National Film Theatre

In a week marked more by quantity than quality, who remembers the name of Sir Crawfurd Wilfrid Griffin Eady, GCMG, KCB, KBE? Twenty years dead, he lies forgotten and unsung wherever distinguished civil servants find their

NIGEL ANDREWS is visiting film festivals in Berlin and Budapest.

resting place. But in the film industry he lives on, the author of the Eady Levy, the scheme invented more than 30 years ago to help sustain British film producers through the proceeds of the box-office.

I don't intend to lead the reader into the labyrinth of film finance, strewn with the corpses of wiser men than me. I only make the point as I reflect on the visit of Prince Charles, as President of the British Film Institute, to No 11 Downing Street ten days ago. The purpose was a good one, to add a discreet word of support to an appeal to fund The Museum of the Moving Image on the South Bank.

But what about the current plight of the single-screen, so-called "Commercial-Art houses," particularly hard-hit by the recession and facing sharp competition from cable, video and the 4th Channel? As the Chancellor puts the finishing touches to his Budget, he should spare a thought for them. If he can't remove VAT on all places of entertainment—and it is a hard year for concessions—what about a relaxation of the Eady Levy for those it hurts the most?

The quality cinemas are an important part of the cultural life of Britain and they are turning themselves into cinema clubs as the only means of staying open. Relieved of a 7 per cent levy on their takings — which is Sir Wilfrid's legacy to our times — they would have a much better chance to survive. I must declare an interest because a beneficiary would be my own local cinema in North London whose sister cinema is showing one of this week's better films.

Winter of our Dreams is the latest offering in the current wave of successful films from Australia. It turns out to be a remarkable vehicle for the talented Judy Davis, previously best-known for her performance in "My Brilliant Career." As the junkie prostitute Lou, she dominates the film. Her collar bones, shoulders and thin figure, her gait, her mini-skirt and one pair of shoes all establish hunger and isolation. But transformed in the better moments of her relationship with Rob (Bryan Brown), her resignation gives way to reveal an attractive woman of intelligence and curiosity.

In the 1960s, Rob had been a radical student leader, strong on corruption in Saigon and a hero to the girls. A far cry from the middle-class owner of a bookshop who offers a glass of claret (believe it or not) to his lonely visitor. Lou becomes attached to Rob through reading the diary of a mutual friend who had been involved with him ten years before. She visits him in his newly-renovated house in one of Sydney's trendy suburbs, abstract and neorealistic prints on the walls and a liberal, open-plan marriage to exhibit. But there is no going-back to heady days. He has become a tepid man, all passion spent. There is not much to the dialogue and the film exhibits a certain flatness and occasional tedium. The performance of Judy Davis is the thing to see.

This is also reptile week with *Dragonslayer* from Walt Disney Productions and *Alligator* from Alpha Films. Despite its origins in the Sorcerer's Apprentice sequence of "Fantasia" (still to my mind the best of the Disney films) and guest appearances from Sir Ralph Richardson, *Dragonslayer* doesn't quite come off.

The splendid 40-foot dragon, built by the special effects department at Burbank and crated across the Atlantic to Pinewood Studios, roams through the Dark Ages before its inevitable demise. "The only way to make a convincing fantasy," say the writers of the screenplay "is to achieve the illusion of reality." In fact, they produce confusion as a myth uneasily genuflects towards the ethos of our times.

By contrast, *Alligator* is predictable from the first five minutes when a young girl's baby-alligator is flushed down a lavatory and into the city sewers. Twelve years later, it has acquired a ravenous appetite and grown into a monster by feeding off hormone-injected dogs discarded by a vivisector. After that it is a matter of counting the human arms, legs and torsos it will consume before being dynamited to death by the hero. David Madison (Robert Forster) is the cop and Marisa (Robin Riker) the girl, still into reptiles as her professional career. "You have a doctor's degree and wonderful tits,' he says in appreciation when she joins him in the chase, although there is little evidence in the film of either. Never meant to be credible and not particularly frightening, the evil vivisectionist, Mr Slade (Dean Jagger) and the corrupt Mayor (Jack Carter) are the proper victims of the real star of the show.

First reports do not suggest that the two splashy films of the week *Channel Solitaire* (AA, ABC Shaftesbury Avenue) and *Death Wish II* (X, Leicester Square Theatre) live up to expectations although their erstwhile fans will no doubt pursue them nevertheless. There will be time to return to them on another occasion if second-thoughts justify a blessing in time for their general release.

Finally, a reminder of the NFT's current series of prison films "Inside" for those who like the genre. In particular, *On the Yard* (1978, director Raphael Silver) (Wednesday 24 February) is a powerful, convincing and unsentimental account of the web of violence and obligations, of rules and remedies that determine life within an American jail. The relatively good (a self-tortured wife-killer) die and the really evil-men (principally the Mafia-style prison fixer) live on. I found it a depressing commentary on an institution that is supposed to keep our free society free and walked for ten minutes in the bright winter's light to recover from the bruises.

Bush

The Number of the Beast

by MICHAEL COVENEY

Leonard Burt

Marty Cruickshank and John Stride

The letters of Nero's name and the title of Caesar, given their numerical meaning in Hebrew, added up to the number of the beast in the book of Revelation, 666. Thus did Aleister Crowley, "the wickedest man in the world," style himself from an early age. Poet, charlatan, mountaineer, hedonist, successful lover, and heroin addict: Crowley lives all these roles in his attempt to expand the universal consciousness and Snoo Wilson in his interesting play approaches his subject with the true seriousness of the fascinated satarist.

The piece was originally presented by the RSC in 1974, but this new version is not only a vast improvement; it finally eschews incomprehensibility and offers a discursive look at the nature of the early 20th century endeavour more respectably represented in the work of Yeats, Lawrence and Freud.

Wilson has reversed his two acts. We now begin on the Sicilian farmhouse in Cefalu where Crowley presided over the motley commune so roundly abused by the Beaverbrook Press. Like some 1920's Manson family, the commune indulged in sex magic and drugs. The actual writing however is almost conventional in style: Crowley's dying baby must be saved by an act of procreation. And, in a wonderfully inventive comic touch, the agent is a sailor who has jumped ship at Venice and arrived with jokey hopes of an orgy. The habitués also include Crowley's Scarlet Woman, Laria, an elderly female tourist, an ingenuous young man who drops his trousers at anyone's say-so, and a filthy one-eyed sycophant.

The baby dies, Crowley and company are booted out of Sicily by Mussolini and the second act, in a Boulogne hotel, focuses on a dramatised philosophical discussion of Crowley's claims for himself. The maitresse, it transpires, could have been Jack the Ripper. There are shafts of delightful fantasy, such as the recreation for the benefit of an incredulous gendarme of the mountaineering disaster at Kanchenjung and a railway station farewell between Yeats and Maud Gonne which Crowley interrupts to kick the Irish poet twice on the backside.

John Stride is surprise casting for Crowley but his flat delivery and anti-maniacal presence constitutes the best argument in Robin Lefèvre's production for taking the man occasionally at his word. Good support, too, from the imperious Maxine Audley, Marty Cruickshank and Erick Ray Evans. And a delightfully tumultuous design by John Byrne is not the least of the evening's pleasures.

Elizabeth Hall

Davies's piano concerto

by DOMINIC GILL

Another major Peter Maxwell Davies second performance, following hard on the heels of the second British performance of the symphony No. 2 in Manchester last Sunday, was Davies's piano sonata—reviewed here by Max Loppert after its premiere at last year's Bath Festival and played again by its dedicatee Stephen Pruslin during the course of a Fires of London programme on Wednesday night.

With the excitement of the second symphony still ringing in the ears, the sonata seems by comparison not merely a puzzling and hermetic work but almost crudely fashioned. That adverb needs some qualification, for the formal working and structuring of the piece is anything but crude and its basic gestures are meshed and elaborated for 32 minutes with considerable sophistication. It is the piano writing itself, for all the powerful messages it seeks to deliver, which is unidiomatic to a degree: as if translated from another medium entirely (not in the Beethovenian sense of transcending it, but actually arranged)—a translation whose very texture has the fragmented and slightly scatty quality of a hasty keyboard improvisation.

Examination of the score seems to reinforce rather than contradict, that first, hasty impression: this is not keyboard writing by a composer who feels the piano in his bones. No one could fail to admire the scale and energy of the enterprise: but I was nowhere touched by it. It has not the headlong impetus or dramatic force of such an otherwise similarly "unpianistic" work as the Barraqué sonata; parallels with late Beethoven, with whom a certain inspirational kinship is indeed claimed, seem far-fetched.

Pruslin delivered the sonata with fine grip and authority, and no more than a degree less than ideal panache. The evening ended with a revival of Davies's *Revelation and Fall*—the tale of the screaming nun which initiated the famous series of expressionistic theatre-works of the late 1960s that culminated in *Eight Songs for a Mad King* and *Vesalii Icones*. I suspect that the time has come for a straight concert performance of this early and profoundly untheatrical piece—without crimson robes, without crucifix, and above all without loudhailer, so that such beauties of the score as there are may be undistractedly revealed.

£600,000 grants for Grand Theatre, Swansea

The Arts Council is to make Housing the Arts grants totalling £600,000 over the next five years towards the cost of improving and extending facilities at the Grand Theatre, Swansea. The grant is being made through the Welsh Arts Council to Swansea City Council who own and run the theatre.

Coliseum

The Flying Dutchman

by MAX LOPPERT

Josephine Barstow as Senta

Extreme immediacy of impact has clearly been the overriding goal of the new *Flying Dutchman*, conducted by Mark Elder, produced by David Pountney, which opened on Wednesday. It is achieved: by and large this is as exciting a performance of the opera as I can recall (sadly surprising, of course, that of an opera in which, as Kobbe put it, "for the first time a genius feels himself conscious of his greatness," a number of dull and unarresting performances can also be so easily recalled). By their methods producer and designer (Stefanos Lazaridis) have tapped the lifeblood of the drama—the exhilarating, stormy world of nature without, the human conflict within for which the storms are a metaphor—and their ideas are vivified with splendid energy by chorus and orchestra, and by a cast including Norman Bailey and Josephine Barstow. The opera is played in one-act form and holds one with hardly a hitch or let-up from first note to last.

Unike recent *Dutchmans* at Bayreuth and (according to report) New York, in which the libretto was rewritten to reflect a producer's concept, the ENO staging, though many of its artefacts can be criticised or argued over, remains essentially Wagner's; unlike the old Covent Garden *Dutchman*, a command of "modern" stage techniques and devices does not entail a flouting of musical and dramatic sense. The decor is a picturesque amalgam—huge gauze scrim stretched across the stage and over the pit on which projections flash and stir gigantic wing sails which also become screens; a revolve suddenly spinning into hallucinatory action; a chain of granitic rocks laid across the front of the stage; spotlights beamed from on high to heighten the intensity. At the "Act 3" climax of the ghost-ship hallooing, a flock of devil dolls plummets from the flies, blood-red as the ship itself; after her death leap, Senta is seen to whirl, Ondine-like, across the revolve to reach the Dutchman (but does she?—the final impression is left, intentionally or not, unclear).

Many details raise questions, even hackles. (What function do the wing sails serve in the structure of Daland's house?) The play of spotlights begins to irritate, the amplified ghost-voices distort, and Mr Pountney's own new translation has some blunt, bald patches. More than one episode is fussily delivered (too much bustling by elderly spinners, for a start). Erik's first entrance comes improperly early, at the third verse of the Ballad; the alteration is interruptive in effect and unclear in purpose. Yet even while one questions, one is bowled along by the sheer vigour and enthusiasm of the production, and by an underlying sense of trust, soon assured, that Mr Pountney's evocation of the opera's different worlds, real and supernatural, contains imaginative truth and artistic honesty. The characters live, the chorus is not the inert mass the ENO has on recent occasion dumped on stage: a current of electricity runs through the house.

Senta finds in Miss Barstow a great artist at the summit of her powers. What one might call the Ur-Brünnhilde aspect of the role is unlikely to be conveyed—the voice lacks the shine of steel, the whole blend of personal vibration and vocal timbre is too modern, too kaleidoscopic, too *interesting* one might almost say—and so the preference of recent decades for a neurotic or even a nut-case heroine, though suggested rather than rigidly asserted, is certainly the impression granted by this restless, burning intelligence stretched taut in a scarlet gown. The vocal control over phrases that might have been expected to tax this voice unkindly was all but immaculate—wonderfully bound and layered rising lines, high notes not heroic but never forced (the very final utterance was, in fact, the freest and bravest I have ever heard from this performer), diction unusually trenchant.

Bailey sounded, under pressure, a touch woolly of tone; though the notes were all securely placed, few of them had the needed cutting edge. His presence is every bit as dominating as Miss Barstow's, and marvellously contrasted—a still, unmelodramatic presence, darkly romantic, burdened by an infinite weariness left beautifully implicit. He feels and lives the role with extraordinary sophistication. Erik, John Treleaven, is so sympathetic—and therefore so unlike most Eriks—that only closer attention to the joining and binding of notes (of which Miss Barstow gives a most remarkable demonstration) is needed to make him a front-rank one. Excellent, mellifluous Steersman from Adrian Martin, a telling Mary from Katherine Pring; only Daland, dressed as a cartoon capitalist and presenting a figure too predictably comic (the best Dalands are impressive, for all their greed and grabbing), asked or received less from Dennis Wicks than one expected the role to after Mr Wicks's recent success with Rocco.

The first outcry of the overture was thrilling; whatever we may have to complain about when works of less than Coliseum-filling size are given there, this is the house for *The Dutchman*. In some of its developmental sequences, and at odd moments thereafter, it seemed that Mr Elder was allowing the tension to slacken—it soon built up again, and the long thread of dramatic tautness so eloquently held and sustained by Senta and Venderdecken in their long duet was maintained to the end. The conductor is alive to the mighty sweep of the opera; no doubt the value of each subordinate incident, the effect of each spray and gust of instrumental colour, will be more certainly established within it at subsequent performances. The original close of the the overture and of the opera's final bars is used: no redemption music, but a blunt, hard-edged chordal truncation.

BFI backs the regions

The BFI has provided for substantially increased financial support for film and television in the regions in its allocation of the 1982-83 Government grant of £7,014,000 (last year's grant was £6,400,000).

In a time of financial stringency, these regional increases have had to be funded partly by real-term cuts and economies in most of the Institute's own in-house activities.

For the first time in the history of the BFI, its cash grant-aiding of regional organisations tops £1m. In particular, grants to regional arts associations are increased by 20.9 per cent to £613,000. Also, the BFI's direct grants to other regional bodies are increased by 28 per cent.

CONTINUED ON PAGE 15

FINANCIAL TIMES
PUBLISHED IN LONDON & FRANKFURT

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Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: 8954871. Telegrams: Finantimo, London. Telephone: 01-248 8000. Frankfurt Office: The Financial Times (Europe) Ltd., Guiollettstr. 54, D-6000 Frankfurt-am-Main 1, West Germany. Telex: 416193. Telephone 7598-0. Editorial: Frankenallee 71-81. Telex: 416052. Telephone 7598 157.

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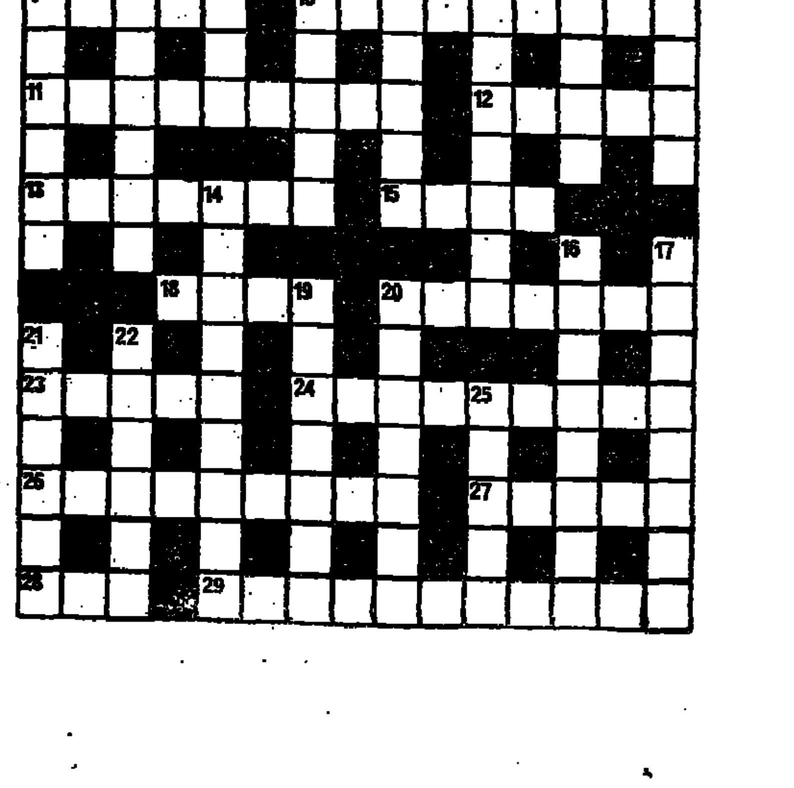
F.T. CROSSWORD PUZZLE No. 4,796

ACROSS

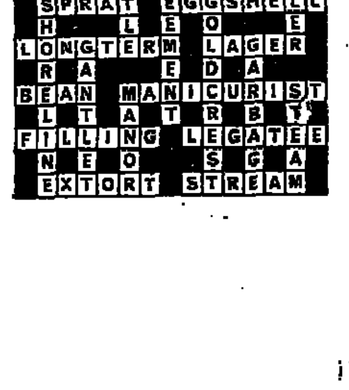
1 She left without a trouncing (11)
7 and 28 Cultivate fish pit (6)
9 Rasher sailor returning to steer (5)
10 Where one may get mixed ice after a meal? (9)
11 Tinder for luck it's said (9)
12 Deliberately avoid woman holding a notice (5)
13 Bribed, however, in avarice (7)
15 Learner taking gas in den (4)
18 Give a new face to state politician (4)
20 Soldier in uniform? (7)
23 Rule no right mother follows (5)
24 Dear former birds I have briefly (9)
26 One way to dry thoroughly, where the steps are (5-4)
27 Bread and wine? (5)
28 see 7 Across
29 Tear to shreds everything in ship and London horse-mart (11)

DOWN

1 Malicious damage produced by shoe over a long time (8)
2 Protruded, but shut out (8)
3 Left short measure in boundary ridge (5)
4 Tailless bird left dead by man deceived (7)
5 One who disbelieves if led in wrongly (7)
6 Collecting a crowd of people (9)
7 Closely allied continental citizen (6)
8 Proof-corrector of French in the back (6)
14 Puffin, deep to repeat by rote (3-6)
16 That which one is wholly wrapped in, wrestling with everybody (3, 2, 3)
17 North-west wind making sage rest (8)
19 Excuse in front of the contents of a book (7)
20 Drive back soldiers with a beating (7)
21 New French article employed (6)
22 Arrange to establish order (6)
25 South-west wind and sun to change (5)



Solution to Puzzle No. 4,795



FINANCIAL TIMES
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Friday February 12 1982

Deadlock in Indochina

THE Foreign Ministers of South-East Asia's non-communist countries are worried, as Lord Carrington will have discovered on his current trip. Peace in Indochina seems as far away as ever. Three years of diplomatic, political and economic siege of Hanoi have achieved virtually nothing, except perhaps to make its rulers more inflexible. "Bleeding Vietnam white" is not working. Vietnamese troops remain in Kampuchea three years after the invasion, supported by the Russians and apparently containing the challenge from the Khmer Rouge guerrillas operating from their jungle sanctuaries on the border with Thailand.

In Phnom Penh, the capital of Kampuchea, the Heng Samrin regime—installed by Hanoi's armies—seems to be gaining a small measure of independent authority.

Open split

Worse, there are now signs that Vietnam's occupation of Kampuchea, until recently an issue which galvanised and united Asean, is beginning to divide it. There is now an open split between those countries which regard Vietnamese and hence Soviet hegemonism in South-East Asia as the main threat to the area (Thailand and Singapore) and those which are much more concerned about the long-term spread of Chinese power (Malaysia and Indonesia).

This follows the collapse of Asean's painstaking efforts to put together a coalition, a kind of government-in-exile, of Khmer groups opposed to Heng Samrin and Hanoi. The Khmer Rouge, armed and no doubt strongly influenced by China, rejected the idea, refusing to accept anything but a dominant position in a coalition. Peking wants to do nothing which smacks of compromise with Vietnam, believing that a well-armed Khmer Rouge force hammering away at the Vietnamese will eventually force them to take a more conciliatory line.

The coalition idea was a long shot but Asean saw it as the only way forward. Its collapse now only adds to the deep embarrassment of all those nations who for the past three years have swallowed hard and voted for the Khmer Rouge at the United Nations, largely to defend the principle that no country has the right to take another by force.

Attempts are now being made to revive the talks on a coalition. Both Thailand, which is trying to set up further negotiations in Peking, and Singapore are understandably anxious to keep the initiative alive. Malaysia, Indonesia and the Philippines, however, have warned that they may withdraw recognition from the Khmer Rouge unless the non-communist Khmer groups are given a significant role in a united front before this year's UN vote.

Disarray in Asean's ranks serves nobody's interest. But a healthy debate about the alternatives to the present policy would be no bad thing either. In particular, there is a case for exploring the possibility of a parallel dialogue with Hanoi. There are, inevitably, problems. Hanoi, with less than total candour, refuses to talk about Kampuchea which it says is an "internal matter" for Heng Samrin. China, which still maintains links with pro-Peking guerrillas in Asean states, would be none too happy and no solution to the Kampuchean problem would work—unless China agreed to underwrite it.

Another offensive

But stability in South-East Asia will also hinge on a modus vivendi between communist Indochina and non-communist Asean. The two sides will have to talk sometime: why not now before another dry season offensive on the Thai border?

Vietnam's economy while helped by a good harvest, is in a mess and costing the Soviet Union anything up to $6m a day. There are signs that Hanoi is increasingly worried about its dependence on Moscow and is beginning to look to the West for aid. A small olive branch from Asean to the Vietnamese may be timely. Asean would lose nothing by such a gesture and, if Hanoi's pledges of peaceful coexistence with its neighbours are more than just empty rhetoric, it may gain a great deal.

Law reform needs a new push

The archaic ways of English justice are notorious. They are enjoyed by those who are part of the system and detested by those who suffer its delays or are denied justice because they cannot afford its costs. Calls for reform appear from time to time but die quickly stonewalled by the profession and smothered by the indifference of political parties which tend to treat law reform as a technical issue of no great electoral appeal.

However, when the Law Commission, in its Annual Report to the Lord Chancellor published today, states that there is a need "for immediate improvements, and for radical experiments aimed at the removal of waste in time and money," it is a sign that the legal establishment now accepts the inevitability of change.

The Law Commission believes that a review of civil procedure is overdue. It cannot realistically envisage the possibility of undertaking this task on its own as there is no early prospect of the Commission being expanded. It suggests that the causes of avoidable delay and unnecessary expense should be identified by consultations with both lawyers and other users of law, and that valuable help may be obtained from those experienced in business administration.

New body

The Commission hopes that it will be possible to set up a new body to carry out this work. This is a reasonable proposal, and the CBI should take it up, in the interests of industry and particularly the small businesses which often find the price of justice out of their reach.

With a small staff of 23 lawyers—a fraction of the complement of a large firm of City solicitors—the five law commissioners achieve an impressive output of papers on specific issues of contract law, contribute to the formulation of a modern law on the financial aspect of the family, and make some useful progress on the restatement and modernisation of criminal law.

It seems regrettable that a lack of resources has obliged them to suspend work on methods of modernising and simplifying the existing body of statute law. It may not be the five commissioners' own choice, but the obvious priority given to specific problems as opposed to broad issues benefiting the entire administration of justice, such as the reform of procedure, and the simplification of statute law, seems questionable.

Greater certainty

Business decisions cannot wait for the result of test cases. Much litigation could be avoided if it were possible to establish what the law says faster and with greater certainty than at present.

Different methods of interpreting statutes employed by different courts and even individual judges are another cause of uncertainty and unpredictability, as we were recently reminded by contradictory decisions regarding tax avoidance and the admissibility of appeals from arbitration awards. It seems particularly unfortunate that when the Law Commission used its scarce resources for producing a report on the interpretation of statutes, this has had no practical effect over the past 12 years. The resulting Bill was passed by the Lords but failed to proceed in the Commons.

The Law Commission has experienced difficulties with the implementation of even such obviously useful and uncontroversial projects as the consolidation of statutes. It has now developed a method of pre-consolidation amendments which should facilitate the passage of the consolidated Act. It is very much to be hoped that rapid progress will be made with the consolidation of company law.

Continuing process

Law reform is a continuing process which takes place on several levels. It is moving too slowly and not always on the levels where it is most urgent. Although complaints abound, there is not enough momentum behind reform, either from industry or from politicians. Industry and other interested sectors should say clearly what their needs are. Politicians should provide for a procedure which would get uncontroversial, technical, Bills through parliament quickly and provide parliamentary time for law reform projects which need fuller debate.

THE ASLEF STRIKES

Why British Rail needs to win

By John Elliott, Industrial Editor

THE LONGER the railway strikes continue, the more vital it becomes for British Rail to win copper-bottomed productivity agreements from Aslef, the train drivers union.

Daily the stakes are rising in both political and financial terms as losses mount and customers switch to road and air travel, so hitting both British Rail's current finances and its justification for a massive modernisation programme.

There is no significant wish in Whitehall radically to cut back on the railway system—although the railways will always have their detractors in certain parts of the Treasury and the Conservative Party.

But there is a determination to make the railways pay for their mistakes and to make them earn the right to fresh investment through productivity and efficiency improvements. So unless some quite miraculous efficiency gains are produced rapidly in the wake of the present strikes, British Rail will be forced to introduce fresh economies to help pay for the longer-term costs of the strikes and will have to fight harder for investment funds.

For the time being however, British Rail is being supported by Ministers and civil servants and it is coming under no pressure to change its tactics. It is almost certain that the Transport Department and the Treasury will adjust both its short-term borrowing limit of £100m in a couple of weeks' time and then its current 1981-1982 external financing limit of £920m to offset the losses—now standing in excess of £60m—incurred during the strike. That will leave any longer-term losses in 1982-83 to be played for once the terms of a settlement are seen.

The Government is pleased and highly relieved that, despite the perpetual protestations of Mr Ray Buckton, Aslef's general secretary, the strikes have not escalated into a political crisis and that there are no reports of serious industrial effects.

A survey conducted by the Confederation of British Industry in the past two days shows that the new strike days have had little extra effect on industry, which in general insists it is coping with little trouble. Hardly any companies have contacted CBI offices about problems, although there is some concern that postal delays are slowing down arrivals of cheques and there are some possible problems with coal stocks.

There will also clearly be a considerable bill to be picked up later when the costs of finding alternative forms of transport and of rescheduling production lines are totted up, but for the time being industrialists are showing no signs of wanting to change the tempo of the dispute.

To begin with Ministers were worried that the dispute might become entangled with a miners' strike, so providing the trade union movement with the chance for the confrontation that some of its activists want. There has never been any wish (despite the views of some Tory Party hawks) among senior Ministers for the current dispute to become a miners' style cause célèbre.

Indeed one very senior member of the Cabinet is reputed to have said just after Aslef started its action to Sir Peter Parker, British Rail chairman, "But Peter, when are we going to have a real railway strike?" Since then the present strikes have become more "real" and can now be seen as the major confrontation between Aslef and the rest of the country that has been brewing for perhaps 15 years or more.

In the past 10 to 12 years there have been very few significant improvements in productivity on the railways as first Aslef, and then the National Union of Railwaymen have blocked changes in train manning. Improvements in output per man have averaged less than 1 per cent a year between 1974 and 1980 although there have recently been important modernisations of marshalling yards, the parcels business and freight trains.

Issues like rostering (at the centre of the present dispute) and train manning (which may well provoke fresh confrontations in the coming months with the NUR as well as Aslef) have been on the labour relations agenda since the late 1960s.

A combination of factors have now brought these to a head. First there is a determined Government—the Prime Minister in particular seems to have so little love for the railways and such a dislike of nationalised industries that Sir Peter has been heard to complain about living in a "climate of insult." The Government has refused to fund a massive electrification programme (costing £450m over the first 10 years and £750m to complete over 20 years at 1980 prices) unless British Rail stops its habit of making unfulfilled promises about redundancies and efficiencies.

Second, the wage deal awarded last year in arbitration by Lord McCarthy of 11 per cent forced British Rail, which only wanted to pay 7 or 8 per cent, to insist on productivity gains to cover the extra 3 per cent. And the introduction of a 39-hour week concentrated attention on the working rosters of train crews.

Thirdly, the overall railway network is sliding so rapidly into a state of disrepair that British Rail has been forced to end years of proscrastination. "The watershed year is 1983. If major expenditure on replacement is not started by then, the inevitable consequence will be a rapid rundown of the whole railway system . . . so the year for decision is 1981" said British Rail in its major policy statement last March.

British Rail then picked out from a longer shopping list prepared in 1980, six productivity improvements whcih could be seen as catalysts from which further improvements would flow. "We had been nibbling away for many years with little happening and we had to make some headway," is the management's explanation of the choice of the six.

The first—experiments with "open stations" where tickets are dealt with on trains—is said to be going well. The second is the introduction of seven to nine hour flexible daily rostering. This is seen as an important forerunner of other productivity improvements such as single footplate manning; but to British Rail it has a special priority because it should eventually provide savings to pay for the 3¼ per cent pay bill increase caused by the introduction of the 39-hour week.

Even when it is eventually agreed by Aslef (the NUR leadership accepted it before Christmas), productivity gains will only flow in slowly.

If progress had not foundered in the present confrontation, moves would by now have been made on the other four items. Experiments on single-manning of certain freight trains should have started in South Wales before being spread elsewhere later in the year, eventually eliminating 1,200 guards' jobs. Single-manning of passenger trains is due to start experimentally on the Bedford-St Pancras line in May, followed by another single manning change and introduction of a common "trainman" grade. Each of these items could well be the subject of tortuous negotiations forcing the NUR as well as Aslef to accept uncomfortable changes.

Having shed 10,000 employees and eliminated 14,000 jobs last year, mainly by modernising freight operations, British Rail has 7,000 redundancies scheduled for this year out of its 169,000 workforce. Its overall plan has been to shed 38,500 by 1985, the most contentious of which will be losing 4,000 to 5,000 train crew jobs as a result of the six main productivity items.

The aim (see graph) is to improve productivity three to four times faster between 1980 and 1985 than was achieved between 1975 and 1980.

Alongside these productivity targets, British Rail has its large-scale electrification investment programme which the Government is forcing it to cost on a project-by-project basis. Authorisation has been given for East Anglian electrification which is expected to earn an 18 per cent real rate of return when compared with the cost of renewing existing diesel traction (11 per cent has been estimated for the whole programme).

Detailed costings for the Kings Cross main line to Leeds are now being finalised and should be with the Government in about ten days. A go-ahead for this East Coast work would have been a useful nugget for the Chancellor of the Exchequer to include in his Budget speech next month since the private sector is pressing for orders from such major public projects. But approval may now be delayed until July.

The position on this and other detailed electrification costings is affected by the impact of traffic lost as a result of the strike. Only lines with rate of return well above 11 per cent average — such as East Anglia—can be assumed to be safe.

The freight business has lost more than £20m revenue so far during the strike (part of the overall £60m losses). It now seems likely to lose another £80m. Orders for the rest of the year, including £20m with its vital new Speedlink service. The strike has hit just as British Rail's freight managers felt they were set for better time. Their main hopes now rest on recouping the business.

The parcels business has lost £3m so far. It expects future lost orders to amount to £10m to £15m in the coming year and is hoping not to see major customers such as the Post Office and newspapers stay away permanently. There may also be some permanent losses for the passenger business which has so far seen £30m revenue disappear.

It is these future losses which are most worrying, because it is quite likely that the Treasury will not be prepared to adjust next year's £950m external finance limit to soak them up. British Rail's best hope is that such problems will be passed on to a major external review of its overall finances and objectives which was to have been set up late last year by the Government, but which will not now go ahead till the strikes are over.

Otherwise British Rail will have to face up to one of three other options since it cannot afford to raise prices. It could increase the 7,000 redundancies planned for this year, cut back on investment, or speed up sales of its hotels, shipping and surplus property.

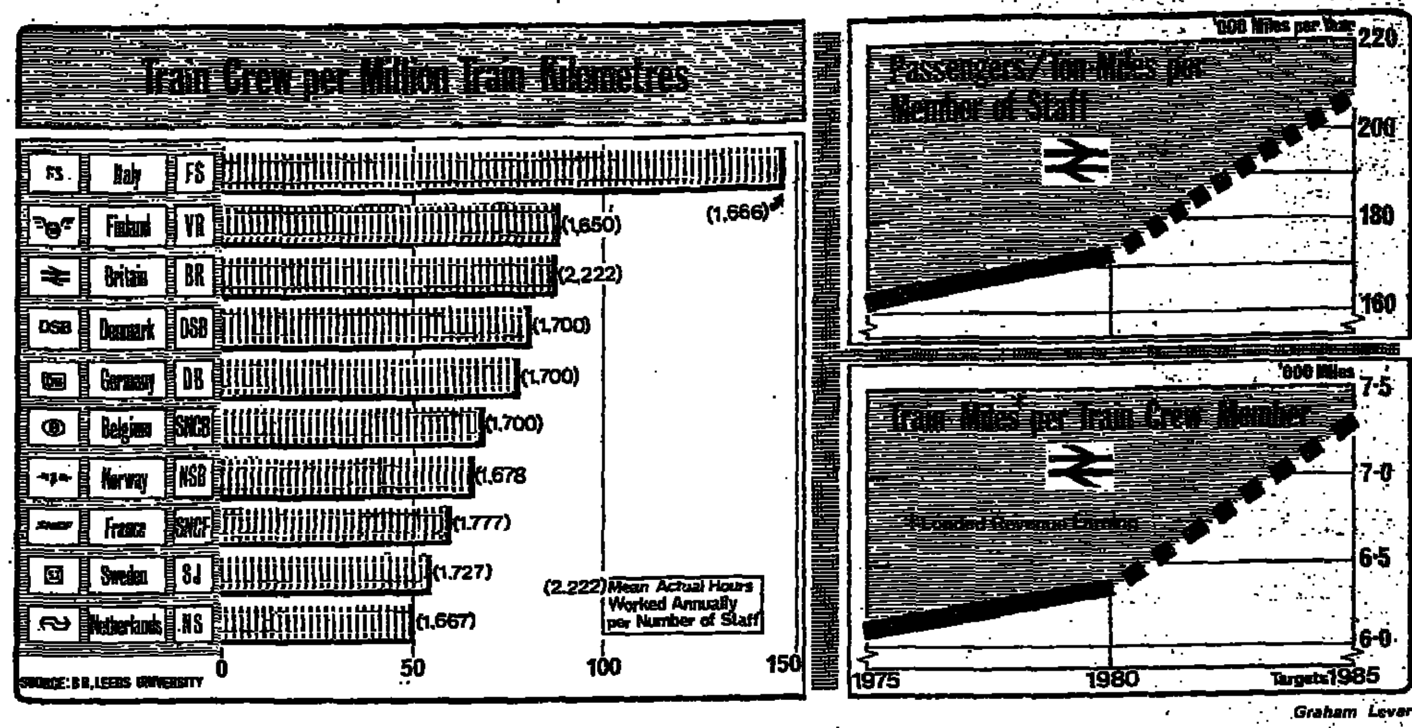
Top managers are already assuming that the 7,000 figure will have to grow to 10,000 and the fact that about half the total employees are over 50 years old will help British Rail to operate a voluntary redundancy scheme. But this would necessitate heavy redundancy payments, so creating further financial pressures.

The management would be reluctant to cut investment (running at £250m to £275m a year until 1984) although it could—probably at the expense of efficiency—slow down its track renewal programme and trim its purchasing plans for diesel passenger cars and new locomotives, each of which are running at £40m a year.

On the other hand it would need more funds for redundancy payments. If it were to assemble a list of its requirements, British Rail would also throw in another £150m a year for commuter and airport services, plus trading losses of £33m estimated for 1981 and £44m accumulated from 1980, in addition to the costs of the strikes.

So there will be some tough bargaining when the strikes are over. It is clear that the Government will want to make sure that something is gained from all the expense of Aslef's actions.

But the productivity battle will only have just begun and it will be very hard for British Rail, facing the prospect of months of negotiations on the rest of the six-point programme, to produce concrete evidence of improvements. What is clear is that the Government will not let it off the hook. So the current strikes of are really only the opening shots in a long battle for the future of Britain's railways.



Graham Lever

Mrs Thatcher in particular has no love for the railways and such a dislike for the nationalised industries that Sir Peter Parker (right) has been heard to complain about living in a "climate of insult."

Men & Matters

Home and away

Retiring as chairman of Littlewoods, the pools, mail order and stores group which he founded 58 years ago, octogenarian Sir John Moores has promised its staff that his "interest in the business and enthusiasm for its continued growth will continue."

To prove the point, Sir John, 86, is retaining his office in the Littlewoods empire and will remain a member of the board. Though this is not the first time that Everton Football Club's biggest shareholder has retired from the helm of his family-owned company, he is adamant now that he will not pilot it again.

Sir John's career began in 1912 when he joined Commercial Cable, now part of STC, as a junior telegraph operator. Eleven years later, as a spare-time business, he and two partners started a football pool.

The name Littlewoods was chosen because all three were employees of the cable company and wished to keep their moonlighting secret. Littlewood was the original family name of one of the partners, both of whom soon withdrew when the venture lost money. But Sir John persevered and after three years was able to give up telegraphy.

In 1977, Sir John handed over the chairmanship to his second son, Peter, but returned three years later. Peter, still on the Littlewoods board, became a director of Singer and Friedlander, the merchant bank, in 1978, while the elder son, John Moores Jr, farms in Lancashire and North Yorkshire.

Taking over as non-executive chairman is John Clement, chairman of Unigate, who has been a non-executive director of Littlewoods since late last year. (The first outside director, Michael Julien, finance director of BICC, was appointed in September.)

Would there be further board appointments from outside the family? Declining to comment, Clement said he saw his role as "trying to bridge the gap between the family and the full-time executives."

"Somehow I can't see Sir Freddie advertising I'M TINY —FLY ME!"

Court line

Sir Freddie Laker' fall may well have given a severe knock to the legal stand being taken against the Association of British Travel Agents by that lanky defender of British consumer interests Gordon Borrie.

The director general of Fair Trading has been edging ABTA towards the Restrictive Practices Court for some time now, suggesting that its rules were against the public interest.

Lawyer Michael Elton, the travel agents' niftily-dressed leader, has argued that the rules —which say that ABTA members can only trade in package tours with other members—are to the public benefit. A condition of membership is the now much-discussed bonding and cross-insurance to provide rescue schemes.

But ABTA's case was beginning to look a bit thin —until the Laker collapse. Now Elton will be able to appear before the Court and ask what might have happened to Laker's clients but for ABTA's rules. The money would have been there for reimbursement and rescue of passengers. But, without ABTA's mutual help scheme, who would have found the aircraft and organised the task?

If the ABTA's safety net had not rescued Laker's stranded passengers, Sir Freddie, too, might not have emerged from the affair quite so heroically.

Cash carillon

No joyful peal of bells at Westminster yesterday for British Telecom's £140m half-year profits.

Instead Sir Patrick Wall, Tory MP for the aptly-named Haltemprice, was preparing to lead a protest campaign against the increase in BT's charges for the division bells fitted in some MPs' homes to summon them to late-night votes at the Commons.

The bells in Wall's Westminster Gardens house cost less than £40 a year in 1979. After three successive rises, the rental this year will be nearly £133.

British Telecom admits it seems a bit steep. "But the facility was severely underpriced before."

Commons Leader Francis Pym will be warned, however, that if things go on like this, the whips may have to stand in Palace Yard and whistle for their votes.

Base matter

The most difficult question Sidney Procter, the new chief executive of the Royal Bank of Scotland group, had to field at yesterday's twin Press conferences in Edinburgh and London, was where was he going to live?

Given the outcry the Scots made last year when it looked as if the Royal Bank group was going to be taken over either by Standard Chartered or Hongkong and Shanghai, any indication that the centre of gravity of the group was slipping down to London had to be torpedoed, quickly.

The Lancashire-born Procter tried to smooth the Scots feelings by pointing out that he was already looking for a house in Edinburgh. But the suspicions still remain.

Bill Dacombe, who is giving up his job as assistant chief executive of Williams & Glyn's to devote himself full-time to group planning and development, will live in London, and this will be the home of the group's new high-powered planning team plus the group accountant's office.

Technically, the group's headquarters will be in Scotland but most of the staff will be in London and the Scots suspect that when the dust settles London will be the centre of the action.

The other key issue left unanswered yesterday was the succession question. Sir Michael Herries said he would like a successor for the chairman's job to be picked within the next three years. The 57-year-old Procter has only the same period to make his mark on the group.

This is hardly long enough to get to grips with the major problem of integrating the two banks—which points to the need for an injection of outside talent.

Out of sight . . .

With an eye to the moral majority market, a California electronics company, Censorview, plans to launch a new TV attachment: a $150 microcomputer which can be programmed for up to a week to block the reception of any broadcasts deemed unsuitable for the children.

Remember the good old days when parents could simply say "no"?

Observer

FINANCIAL TIMES SURVEY

Friday, February 12 1982

City Of London Property

The recession has brought a reduction in the take-up of floorspace, yet one of the world's most important single markets remains in relatively good health. It has been buoyed up by the banks, British and international, which have proved ready customers for prime office space. An overall surplus of available space has been reflected in rents but there is a continuing demand for accommodation in new developments.

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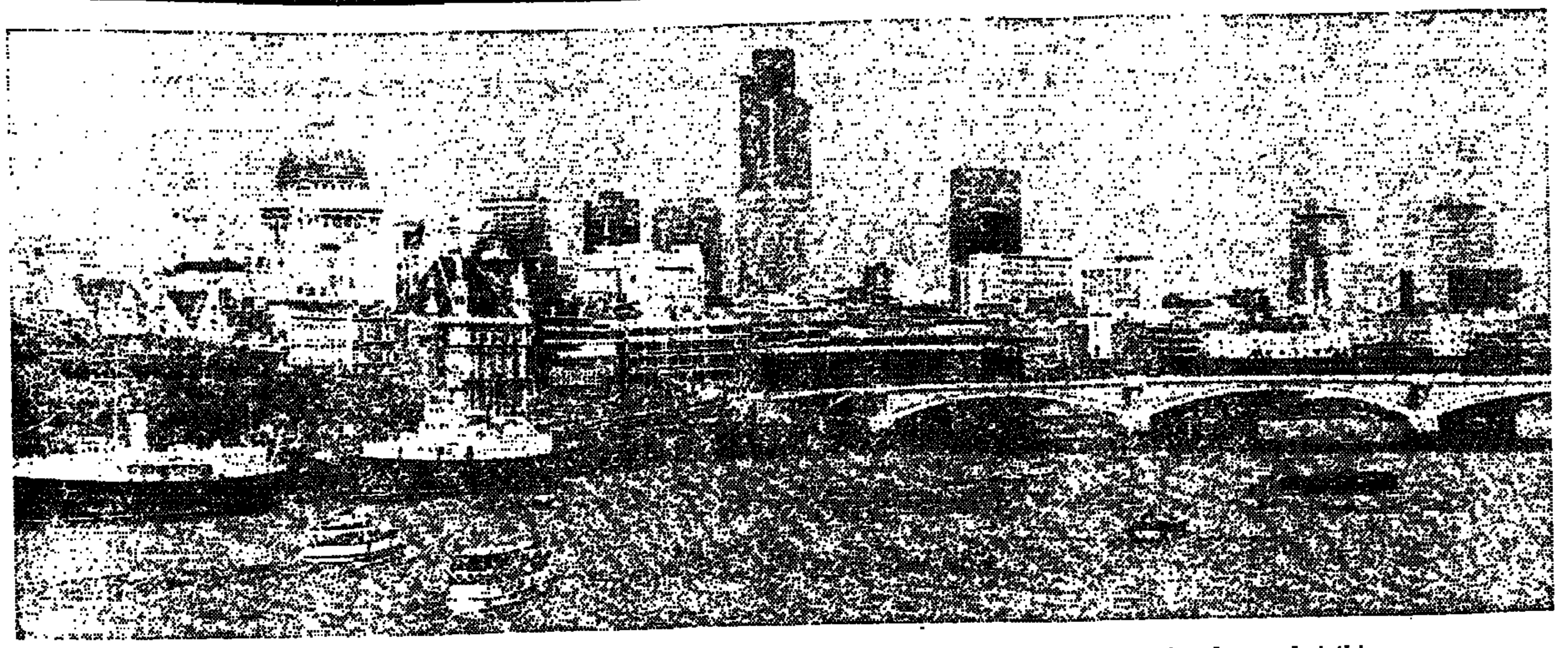


View of the City from Waterloo Bridge. A surplus of space available is expected to characterise the market this year

Market in relatively good health

BY MICHAEL CASSELL

THE MARKET FOR property in the City of London unquestionably has known better times, though its present difficulties seem comparatively slight when set against the traumas brought on by previous recessions.

During 1981, demand for office accommodation in the City fell back markedly, rents generally failed to keep pace with inflation and the surplus of available space kept on rising.

The net effect has been a disappointing period in which such words as "stabilisation" and "plateau" have again been coined, while those whose own futures are tied to the health of the City market prefer to concentrate more on the potential which lies ahead rather tha non what may be happening now.

But despite the setbacks, one of the world's single most important markets remains in relatively good health and shows few signs of the weaknesses which could suggest that something much more serious is on the way.

There is an element of surprise in some quarters that, so far at least, conditions have not deteriorated further. After all, the City is dependent on the international business community as it is on the UK economy and, on the basis that both have been having a rough time, some observers expected worse by now.

The failure of anything more serious to materialise is in part a tribute to the City's continuing international standing and in part a response to the absence of a space oversupply of the dimensions which in the past has provoked a crisis.

The recession inevitably meant a reduction in the take-up of City floorspace—it fell by about 18 per cent in 1981 to 2.3m sq ft last year, according to Richard Ellis. But although the total also represented a 40 per cent reduction on the 1977-1978 peak of 3.7m sq ft, it remained well above the 1.4m sq ft annual figure achieved in 1974 and 1975.

At the same time, a substantial amount of space was brought on to the City office market during the year, with new supply reaching about 3.3m sq ft against 3.7m sq ft in 1980. The resulting surplus of about 1m sq ft, more in evidence for office units of over 10,000 sq ft and mainly affecting areas outside the central banking-insurance locations, represented a repeat of the 1980 pattern.

According to most realistic City agents, a surplus will continue to characterise the City market throughout 1982, although it should be halved from the 1980-81 levels, with the market returning to balance by 1983. Smaller units are expected to remain the centre of attraction.

A notable feautre of the letting market during 1981 was the continuing demand for accommodation in new developments, accounting for almost 40 per cent of all take-up in the year and representing a considerably higher percentage than in previous recessions, when business confidence in the financial sector was badly hit.

Enthusiasm

This time, however, the financial sector has continued to take up large numbers of prime units and the banks' role in underpinning the City market has rarely been more clearly illustrated. Both the UK and international banks have proved themselves ready customers for prime office space and there are no signs that their enthusiasm for snapping up additional accommodation is waning.

The overall surplus of space available has been directly reflected in rental levels over the past year. The pattern of rental growth has been more mixed than usual but the general view is that average rental values managed to creep up by something less than 10 per cent during 1981.

Not surprisingly, the highest increases were achieved in the City's inner core, where space shortages remain to highlight the continuing difficulties of providing new accommodation. But although top rents for best-located, prime buildings may even have achieved something nearer a 15 per cent increase, some City accommodation has recorded growth rates of 5 per cent or less.

According to Chris Peacock of Jones Lang Wootton, top rents for prime, best-located office floorspace have now reached about £27 a sq ft. Between £23-£26 a sq ft is now the norm for central, air-conditioned accommodation and there is an added premium in special situations. Small banking hall units have already breached the £30 a sq ft mark.

"The past 12 months have been extremely unpredictable. Some properties I thought would let quickly have stuck fast while others I imagined would not let, have found tenants. Bearing in mind the general financial climate, however, I think the City market has proved itself remarkably resilient and basically very strong.

"Rents have continued to move ahead, though at a much slower rate than in the past and new records for prime have been achieved. The big question now is what happens next? There is without doubt a latent demand for accommodation which has not yet surfaced and no one really knows how the market will develop over the coming months.

"Usually, it is fairly clear to see ahead but this time we are waiting for a pattern to emerge," Mr Peacock said.

"It is worth remembering that the balance between supply and demand is fairly marginal and a small increase in demand can radically alter the picture."

The same view is expressed by Tony Wollaston at Healey and Baker: "The market is on a knife edge and, if the recession ends, it could leap ahead."

According to Clive Arding at Richard Ellis: "The City market has been a stable one for the past 18 months but if we now begin to get clear signs that the recession is over, then office occupiers can be expected to respond quickly. Confidence is the key word and there could quite easily be a bandwagon effert once a few major tenants are seen to go ahead with decisions which have been hanging fire.

But even if the picture fails to improve in the months ahead, I do not believe a continuing recession would do much harm to the City centre."

However, Mr Arding is not alone in expressing fears about the state of the so-called fringe office markets which surround the most central locations and where much of the latest phase of new development is taking place or is planned. He admits to a "degree of concern" about prospects for properties in the fringe areas but emphasises that they should benefit from any post-recession increase in demand because of continuing shortages of more centrally-located space.

According to Nick Thomlinson at Knight Frank and Rutley: "I believe the City market is basically in for a repeat of 1981 but the fringes might begin to feel the real pinch. Some schemes are already finding it very difficult to attract interest and people are waiting to see what happens to asking rents in the fringes, some of which may well be unrealistic in present marketing conditions."

Uncertainties

One "off-pitch" location which does seem to have performed well, however, is the Eastcheap - Billingsgate area, where lettings have been encouraging and rents have performed well.

Despite the immediate uncertainties about overall prospects for the City property market, some trends are already reasonably clear.

The supply of all space likely to come on to the market for letting is unlikely to fall much below the 1981 level and about one-third of it will comprise new developments.

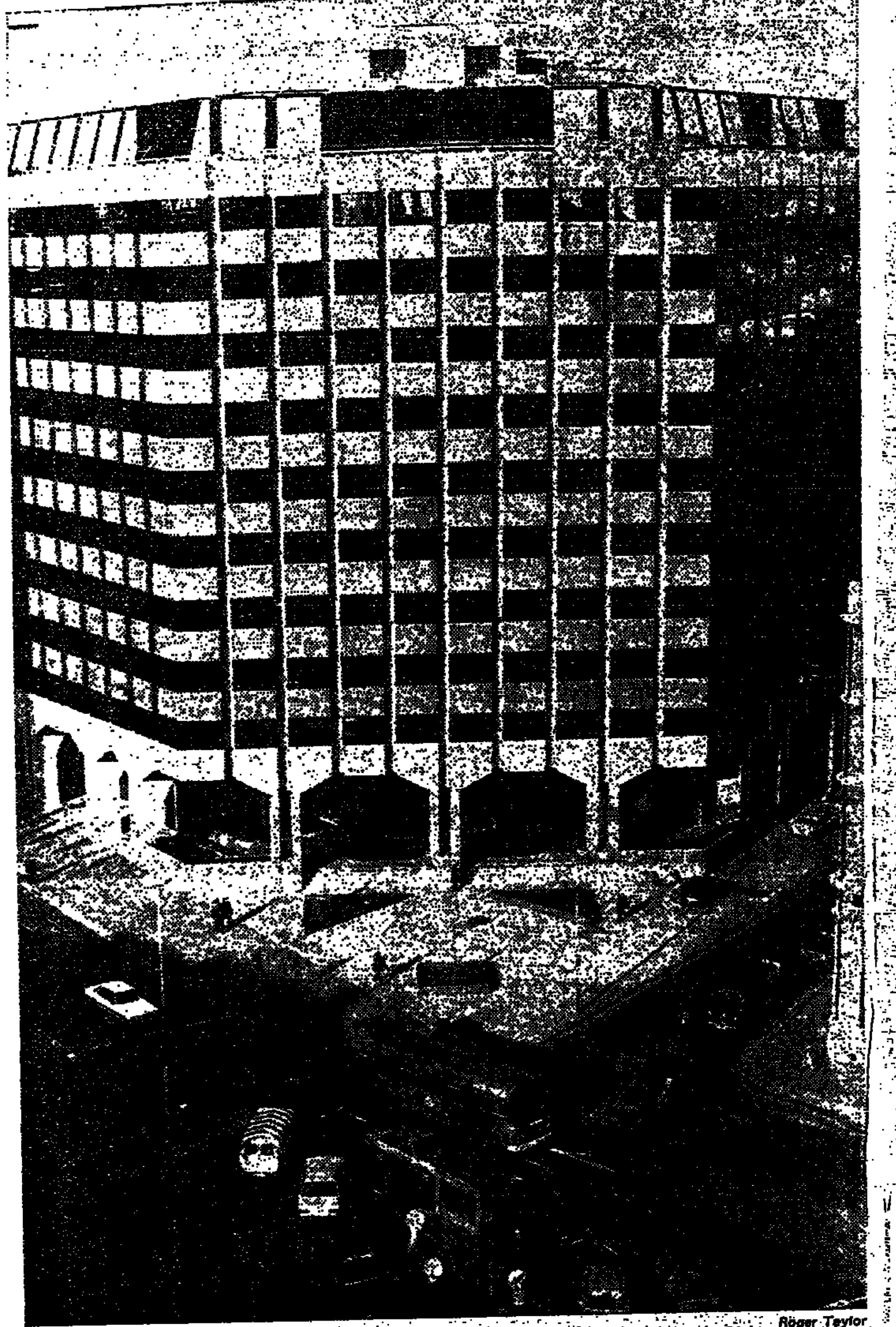
A little over 1m sq ft of speculative City office floorspace is due to be completed in 1982, with about one-third of it already pre-let. Of the remaining space, about 250,000 sq ft is openly available for letting, leaving about 550,000 sq ft still to be marketed in the near future.

In addition, space in a number of other schemes which are due for completion in 1983 and 1984 should soon be coming on to the open market before this year is over.

The optimists believe that, against this supply backdrop, total take-up of new and existing floorspace should begin to edge upwards from the 1981 level and reach between 2¼m sq ft and 2¾m sq ft. Those less certain that the worst is over would argue that the 1981 figure of 2.3m sq ft would be no mean achievement.

Richard Ellis believes that 1982 will hold few surprises and that across-the-board rental increases will be in the region of 7-10 per cent, with a further widening in rental performance between central area properties and the remainder of the City market.

On a longer-term basis there seem few doubts about the continuing ability of the Square Mile (with its increasingly flexible boundaries) to continue to provide a safe bet for the office occupier and the real estate investor. The experiences of the last 18 months may have served as a timely reminder of the City property market's vulnerability but they would also appeal to have provided an excellent test for its firm foundations.



Roger Taylor

New offices and shops on the Gamages site in Holborn. Modern accommodation such as this can revitalise an area though Holborn itself is suffering from slack demand for office space which has trimmed rents. It is less easy now to let new schemes from the drawing board though agents expect demand throughout the City to pick up in the longer term.

Office rents higher by 7-10 per cent

THE WEAKENING demand for office accommodation and the resulting surplus of City floorspace has continued to have an inevitably depressing impact on rental growth.

But although even the City has not been able to escape the impact of the recession, it is fair to suggest that, so far, it has managed to outperform most other office markets when it comes to rentals.

During 1981, office rents in the City rose by between 7 and 10 per cent against 10 per cent in 1980, although such bland averages disguise a wide range of individual growth rates. One of the major features of the office market in the City of London over the last year has been that wide variation in respective performances, a trend which shows every sign of continuing in 1982.

The highest rental increases in the City were achieved in the central banking and insurance areas where restrictions on development and apparently insatiable demand have conspired to maintain a shortage of space. In this sector of the market, average rises appear to have been closer to 10 per cent, with rents for the best located, prime buildings rising by as much as 15 per cent, depending on the individual circumstances.

According to Chris Peacock at Jones Lang Wootton, the shortage of top quality, centrally located space is as severe as ever, despite the overall weakening of the market: "To my knowledge there is not one single upper floor in excess of 5,000 sq ft in a modern tower block actually on the central market."

Demand from the foreign banks for both offices and banking hall space has continued to increase, especially for the best buildings on the best sites and, together with the UK banks and the insurance sector, have helped underpin the inner core.

Agents such as Dron and Wright say the demand from foreign banks for representative offices shows no signs of abating and they are under instructions to find more space. They believe that rents, now approaching £30 a sq ft, are likely to continue to increase this year and report that one letting in excess of £50 a sq ft has already been achieved for banking hall space close to the Bank of England.

But the pattern has been very mixed and, in contrast, values in the City area to the west of St Paul's Cathedral appear to have risen by only 5½ per cent in a market with greater supply. According to Richard Ellis, the lowest City rental growth was seen in the north-east fringe where surplus availability generally kept increases from rising above an average 2 per cent.

For prime, however, the picture could have been a great deal worse. Top rents are now reckoned to be around £27 a sq ft for office space (the rumoured level achieved in the Phoenix Assurance pre-let at Stafford House), while a complete, air-conditioned floor in the central area can now command £25-£26 a sq ft without too much difficulty, a level achieved during 1981 at 80, Cannon Street, by Trafalgar House.

So with prime City rents now broadly falling within the £23-£27 a sq ft range, it is no longer true to say they have failed to catch up, in cash terms, with the rental levels prevailing at the time of the last peak in the early 1970s. They are now comfortably past that point, although on inflation-adjusted terms they still have a long way to go.

Impressive

Top rentals, it is true, have barely managed to keep abreast of inflation and neither are they likely to do any better during 1982, but their longer-term record remains impressive. In post-war years, the growth rate for prime City rentals has exceded inflation by an average of 3 per cent.

It was on this basis that a brave Richard Ellis last year stuck out its collective neck and suggested that, given the more balanced market of the early 1980s, top rents in the banking and insurance area could lead to rents of £40-£45 a sq ft by 1985.

With £27 a sq ft established and three years or so to go can that sort of growth be expected? The answer, according to Richard Ellis is a very definite yes. In the words of Clive Arding, of Ellis' City office: "We are on target for our original forecast. The very best space has in the last year achieved rental growth in the order of 14½-15 per cent and a continuation of this trend would take us past the £40 a sq ft mark by 1985."

For the current 12 months, Ellis expects a near-repeat of the 1981 pattern, with average City rents rising by between 7 per cent and 10 per cent but with the performance gap between the best property and the remainder of the market continuing to widen.

The highest increases should again be recorded in the central area, particularly for new air-conditioned space in the most preferred locations. Top rents may well move upwards by around 12-15 per cent, although the psychological barrier of £30 a sq ft (already breached in a few instances) could impose a temporary restraint on the overall market.

On the other hand, there is increasing concern about the short-trem fate for some of the fringe space which is now available and which is due to come on to the market in the coming months.

Some schemes in the fringes have apparently experienced little difficulty in attracting good tenants at worthwhile rents but the recession inevitably has led to a softening of interest around the City's edges which may well yet deteriorate further before it improves.

The future strength of the so-called fringe locations must lie at least partially in their ability to offer a scale of accommodation which the more central areas are finding it progressively harder to find. But although that prospect might represent a potential bonus, the present existence of such large tracts of available floorspace is more likely to constitute a worrying problem.

Question marks hang over some of the rents which the developers of new fringe schemes continue to seek and there is a fairly widespread view that some targets will have to be lowered if lettings are going to be achieved. Some institutional developers might be tempted to sit and wait it out, although they too must aim to derive income from property as quickly as possible.

But whatever rents are being achieved throughout the market, lettings have been taking much longer to achieve, with the decision-making process continuing to stretch out.

According to Chris Peacock: "We have seen a steady increase in rents since 1976 and have got used to letting new schemes from the drawing board. Now, however, the position has changed radically and some space is standing empty for six months. We were spoiled by pre-lets prior to completion and now things have turned round.

"It has been a thin market. What has been available and ready for occupation has not been excessive, but demand has clearly not been as strong as in the past," he said.

"I do not, however, expect to see any overall fall in rental levels in 1982. We are on a plateau and the latter part of the year might begin to see the return of a true upwards trend in rentals. There will be some very good rents paid this year and some possible records for small, good units."

Michael Cassell

Developers and planners are just beginning to find common ground, as **Ray Maughan** reports

South Bank: redevelopment making very slow progress

WITH APOLOGIES to the occupiers of the handful of better-looking buildings along the South Bank of the River Thames, the view from the starboard quarter of HMS Belfast offers a much better picture of a cohesive, working city than that afforded by a glance from the port side, whether it be looking west from the bows or east over the taffrail.

Cramped with derelict wharfage and disused warehousing, the South Bank is widely regarded as ripe, arguably over-ripe, for extensive redevelopment but one ambitious project after another has foundered on the planning rocks.

The southern side of the river continues to deteriorate but there are tentative signs that developers and planners are beginning to find some common ground. While the controversial Coin Street development remains as locked as ever in the conflict between corporate and local interests, two other schemes along the South Bank are beginning to make some progress. Coincidentally, both projects are backed by Kuwaiti oil revenues.

Progress

St Martins Property Corporation has made the most obvious progress. A subsidiary of the Kuwait Investment Office, the London-based investment arm of the Kuwaiti finance ministry, St Martins acquired The Proprietors of Hay's Wharf in the summer of 1980 which brought the property group into the 25 acre, 2m sq ft, development scheme at Hay's Wharf between the river and Tooley Street and bounded by London and Tower Bridges.

St. Martins obtained planning permission from Southwark Council shortly afterwards and brought English Property Corporation, owned by the Dutch investment group, Wereldhave, into the scheme. EPC's agreement was crucial since it owned a pivotal 2½-acre site within the project. The deal struck that September between St. Martins and EPC meant that EPC handed its acreage over to St. Martins in return for the right to develop and retain a 21-storey office block in the centre of the scheme.

The total project was designed to provide a net 1.5m sq ft of commercial accommodation, 34,000 sq ft of light industrial space, 58,000 sq ft of shopping, 243 houses, three acres of parkland, a riverside walkway along the length of the site and leisure facilities to the council's choice.

Outline planning permission was also received for 90,000 sq ft of warehousing and some industrial footage at Chambers' Wharf, further east along the river at the back of Jamaica Road.

After one of the interminable inquiries, which seem to typify all projected developments on the South Bank, Mr Michael Heseltine, the Secretary of State for the Environment, finally reversed the inspector's decision and gave St Martin's the go-ahead to develop a little under half its proposed scheme.

St Martin's is now able to build 738,000 sq ft of office space, following last month's approval, and 84,300 sq ft for mainly shops and residential development. The development group now calculates that the land on which it is permitted to start building will approach 900,000 sq ft.

Perhaps this decision can be seen as a major setback for the overall scheme, or at least a compromise, but St Martin's and EPC believe their proposals have a chance of getting through after revision. The plan to build 257,000 sq ft of high-rise offices on the east side of London Bridge has been rejected but this appears to be more a question of massing and density than any hard opposition to the total office content for the area.

The two development companies, together with the London Dockland Development Corporation, are going back to the drawing board to discuss modifications to that part of the scheme rejected by the Minister.

Upstream, Mr Heseltine has set up an architectural competition to decide the shape and composition of a development on 12 acres on the southern side of Vauxhall Bridge. The site has been put together on behalf of Kuwaiti investors through Arunbridge, a project management company headed by Mr Ronald Lyons. The investment value of the site on completion is estimated at £200m.

Arunbridge has purchased the freehold on the 2½-acre Nine Elms Cold Store held on long lease from British Rail by Associated Fisheries. Other components of the scheme include the 6-acre "Effra" site, named after the Arab company which owns it, and the Green Giant, a 3½-acre project for which European Ferries has submitted three sets of development plans.

Controls

The Environment Minister intends to lay before Parliament a special development order which would short-circuit the normal planning controls and allow the Vauxhall scheme to go ahead.

One of the longest running enquiries, or series of enquiries, concerns the 13-acre Coin Street site at Waterloo, adjoining the National Theatre. A second public enquiry started last September, after an adjournment from June, to consider proposals put forward by Greencoat Commercial Estates to build between 884,000 and 995,000 sq ft of offices, 200,000 sq ft of housing, 185,000 sq ft of shopping, recreation and leisure facilities and 30,000 sq ft of industrial space on the site.

Greencoat believes the scheme "would make an unparalleled commercial, social and employment contribution to this important central metropolitan area."

In one sense, at least, Greycoat Commercial has a strong hand. It acquired virtually all land required for the project from the Conservative controlled Greater London Council in April 1980. The development company is a partnership of the fast-moving Greycoat Estates, Commercial Properties and Sir Robert McAlpine and Sons (Trade Investments). Greycoat Estates calculates its 50 per cent share of the likely acquisition cost should not exceed £950,000.

Yet the deal made with the GLC, bitterly opposed by the then Labour Opposition, includes the condition that planing permission is obtained for a comprehensive mixed development on the site before April 1983.

That is quite a long way ahead but Greycoat Commercial faces stiff opposition. First, the political balance at County Hall has changed since the site was acquired and the Labour administration is backing alternative plans for the site.

The alternative opposition is coalesced into the Association of Waterloo Groups, representing no fewer than 31 local agencies, centres, co-operatives and associations. The AGW plan for Coin Street calls for 390 flats, a new park, shopping and leisure facilities and light industrial space.

The AGW is supported by a highly qualified town planner and engineer, Mr Peter Brown, who has concluded that a "lifebelt" should be thrown around central London's residential zones to prohibit large scale office development. His written evidence, produced last month, to the enquiry purports to show that Waterloo already has the highest office accommodation density of any Central London area, excluding the City, with a ratio against housing of 3:1. Highly sceptical of the future demand for office space in the inner London area, his submission calculates that the total office potential on the South Bank is some 4.75m sq ft gross in Southwark and another 3.66m sq ft in Lambeth.

The addition of Coin Street, he says, would raise the gross to 9.4m sq ft and development on all projects would add about 4.7 per cent to the total Central London office stock.

London's Docklands, which lie below Tower Bridge, are set for large-scale transformation in the next few years. The plan represents one of the biggest co-ordinated redevelopment schemes contemplated in Europe

Fringe rents close the gap

THE ECONOMICS of siting property on the fringes of the City have tended to blur a little in recent years. Rents are still much lower than for prime, central City sites but the differential between inner and outer rental values has narrowed—at a time when outer rates have been shooting up.

Rents on new, prime outer City office space have gone up by more than a third over the past decade. In contrast, the growth of inner City rents has been much less rapid—at around a sixth for the very best locations over the ten years. And the numbers game becomes even less clear-cut once rates are taken into account.

Social spending in the late 1970s has played havoc with the rates pressures of many of the London boroughs that nestle up against the City. In comparison, its very structure—a non-political management and a negligible residential base—has allowed the City of London proper to hold its rates in check with enviable success.

Yet if the bald economics of taking up residence on the edge of the City no longer make company finance directors overjoyed, they remain compelling enough. And the amount of new construction work, both under way and scheduled, bears witness to this state of affairs.

The busiest corner of the City in terms of new development is still the eastern sector where—wedged between Liverpool Street Station and the River Thames—a narrow corridor of London's money centre washes over into the welcoming arms of the borough of Tower Hamlets.

Over the past half dozen years, about 1.5m sq ft of new office space has been built in this area, and as much again is scheduled. Taking into account a few sites still in the very early planning stage, the total value of all the new office accommodation, built or proposed, for the City's eastern fringe could add up to around £1bn.

To some extent the process has been evolutionary. Demand for central City sites—notably from foreign bankers—has both pushed up inner City rents and reduced the number of sites available for new building. But the extension of the City frontiers has also been helped along by pursuasive talk on the part of estate agents and developers.

In this respect, Trevor Burfield of agents Lander Burfield has been something of a one-man band. He claims to have first spotted the potential for developing the City's eastern fringe as long ago as 1969 when—he says—it became plain that the insurance broking industry was beginning to stir under the pressure of rising rents and a lack of working space.

Enthusiasm

After a long haul through the planning stage, work began in August 1976 on what was to become known as Latham House, the development that did so much to fire enthusiasm for the eastern side of the City. Two years later, insurance broker Bain Dawes moved into 66,000 square feet of new office space, and the seal of approval had been set.

In all Latham House is part of a 12½ acre site which will eventually be completed in 1984. For what is essentially a "new town" the process has gone through with surprising smoothness. Mr Burfield says: "There's never been a compulsory purchase, there's never been an inquiry and there's never been any planning refused."

Much of the credit for the ease with which the eastern fringe has been developed—and for the speed at which the development has taken place—goes to the local authority. The Tower Hamlets management pride themselves on being in the top three to four among London boroughs for speed at which planning permission can be gained.

"We're a tough authority but fair," says Adrian Stungo, assistant director of development. "Unlike many of our counterparts dotted around the centre of London we actually welcome developers."

Faced with a dramatic decline in rates income throughout the 1960s and 1970s by the erosion of large parts of its traditional industrial base, the Tower Hamlets authorities were to some extent forced into the arms of the developers. Still, the opportunity was grasped with professionalism, and the results are now paying comfortable dividends.

The borough authorities have now done much to balance their books by replacing shrinking industrial rates with returns from offices, hotels, shopping precincts and leisure centres. Retail and leisure development has been an important part of Tower Hamlets planning policy. "All the new development of recent years has been achieved not at the expense of the local community but for its good," says Mr Stungo.

Criticism

Th criticism of high rates is one that is constantly being levelled at Tower Hamlets. While not denying that they have leaned readily on newcomers in the past, the Tower Hamlets authorities are quick to emphasise their "improving" rates record. In 1977, Tower Hamlets levied the second highest rates among London boroughs. For last year, the borough had slipped back to fifth place.

Apart from the obvious willingness of the Tower Hamlets authorities to co-operate, two factors stand out as a major driving force behind the development of the City's eastern edge: its proximity to Lloyd's of London, the world's biggest insurance market, and the ready availability of potential development sites.

Before the developers moved in much of the eastern fringe was a derelict wasteland of used-car sales plots and decaying warehouses. Clearing activity was thus minimised, and the structure of the area has meant that the sort of planning nightmares faced by developers operating in less depleted locations have not arisen.

The Lloyd's connection is obvious enough. The insurance market is less than a quarter mile from Aldgate, the traditional outer edge of the City limits. For an industry heavily dependent on messenger services—as is the City as a whole—the nearness of Lloyd's has been a critical determinant in the rapid build-up of the insurance broking community along the eastern outskirts.

The recent spate of mergers between insurance brokers has created a need to put several offices under a single roof. The area around the Minories has provided just the right opportunity for many brokers to step-up efficiency by physical integration.

At one time the level of merger activity in which the UK insurance broking community has been involved could have been expected to lead to a high degree of decentralisation. But current trends suggest that companies are now less happy about moving away from the centre of London.

The capital costs of decentralisation have been rising sharply, largely as a result of staff costs. Re-training has proved an expensive business in terms of both cash outlays and through the disaffection of senior executives who decide they cannot, after all, live without close contact with the capital.

All this has been good for the City, and its fringes. The financial capital is alive and kicking despite economic recession, and steadily expanding its frontiers—especially in terms of what has become an acceptable place to put up a brass nameplate.

Jeffrey Brown

Home and foreign banks dominate the office market

THE BANKS have become the backbone of the City of London office market and more than ever deals done by the banking community dominate the scene. Two principal reasons can be pinpointed for this ever-increasing expansion by London's bankers.

Over the years there has been a constant stream of overseas banks setting up offices in London. During the last decade their presence in London has more than doubled to over 400; taking in representative offices and employment by foreign banks it has jumped by 160 per cent and there seems to be no let-up in this trend.

The other factor is expansion by domestic banks. The lifting of foreign exchange controls two years ago and the increasing competition in the domestic and international markets by overseas banks which have established themselves in the UK have led the British bankers into a new phase of expansion. This is particularly evident in their international divisions.

Among the clearers Midland has probably been the most active in the City property market over the last 12 months or so. At the end of 1980 it took 135,000 sq ft of office space at St Magnus House near London Bridge. And a year ago this month Midland announced its intention to take all the space being developed by the Electricity Supply Nominees at Watling Court — close to 80,000 sq ft at the corner of Cannon Street and Bow Lane.

The development had been designed as three-self-contained buildings but the bank decided it could make use of them all.

In all, a total of more than 280,000 sq ft of City office space has been added to the Midland's accommodation the last year alone. The bank is now on the point of moving into Watling Court and though it has not been made totally clear what this office block will be used for it looks as if it, and St Magnus House, will house the bank's expanding international division.

Picture

The Noel Alexander Associates' annual review of foreign banks in London gives a guide to the continuing rise of overseas bankers in the City. The firm, an associate of property agents Noel Alexander and Partners, has produced the survey for a number of years and while they do not claim the review to be definitive, the figures give a very good picture of the movement of foreign banks in and out of the City.

The latest figures show that there were 24 additions to the foreign bank list last year while eight banks left the City. Taking the departures first, six of the eight were representative offices that were shut down and only two, Commercial Bank of Malawi and Rainier National Bank of the U.S., closed offices with full branch status.

And, of course, not all closures mean that a bank is no longer involved in London. Amalgamations and joint ventures can make offices redundant because of overlap.

Moreover, closing representative offices has little impact on the property market. A representative office is not allowed to carry out banking functions and therefore may have only a handful of employees and maybe as little as 2,000 sq ft of office space.

The survey does not offer any real indication of the way existing overseas banks in the UK are expanding. It does show that 13 established full branch activities, but Noel Alexander does not plot physical expansion beyond that stage. For example, the Saudi International Bank in Bishopsgate has gone up from practically nothing to 40,000 sq ft of office space within six years. Probably expansion by overseas banks already here is more important to the property market than incoming banks.

One interesting fact to emerge from the latest review is that the number of foreign banks entering London last year fell considerably. With only 24 banks coming in, the figure is 11 down on last year's peak number of new entrants and the lowest figure recorded since 1975 when 14 banks came in and 11 left.

FOREIGN BANKS WITH OFFICES IN LONDON

These approximate figures indicate broadly the movement of foreign banks in and out of London, on an annual basis.

	American			Europe			Japanese			Others			Summary		
	Total	Out	In	Total	Out	In	Total	Out	In	Total	Out	In	Total	Out	In
1974	61	1	9	91	—	15	23	—	2	79	—	6	254	1	32
1975	58	3	—	90	6	5	23	—	—	86	2	9	257	11	14
1976	57	3	2	97	2	9	23	—	—	103	—	17	280	5	28
1977	64	—	7	103	2	8	24	—	1	115	—	12	306	2	28
1978	68	1	5	110	1	8	25	—	—	129	2	16	331	4	29
1979	72	2	6	123	1	14	25	—	—	137	3	11	356	6	31
1980	71	2	1	141	3	21	25	—	—	147	3	13	384	7	35
1981	73	1	3	148	2	9	25	—	—	154	5	12	400	8	24
1960-81		13	78		17	138		—	16		15	139		44	371

Source: Noel Alexander Associates.

Mr Noel de Berry does not place too much emphasis on this apparent downturn. He believes that there are possibly as many as 60 banks with plans to come to London. All they are waiting for is the right personnel and location and the much-coveted Bank of England full banking status. The Bank is unlikely to let a flood of new entrants on to the scene, so there is perhaps two years' "supply" of overseas banks waiting to get in.

The scope for further inroads is amply demonstrated by some research carried out by the City office of Bernard Thorpe. The agents were able to pinpoint 400 overseas banks, not already represented in the UK, of sufficient size that they might want to open an office in London eventually.

The exercise excluded the U.S. state-orientated banks which confine themselves to domestic rather then international operations. The agents are the first to point out that all 400 are not about to come knocking on the door but it is clear that there is a very long way to go before the growth in overseas banks in London peaks.

Yet there is only so much space within the City. The traditional banking area is a very small cluster of roads around the Bank of England. The boundaries are roughly London Wall to the north, Cannon Street and Eastcheap to the south, King Street in the east, and St Mary Axe in the east. It may be easy enough, assuming the willingness to pay high rents, to get some accommodation within that most prized of districts but for offices of substantial size it is getting harder and harder.

Thus slowly the acceptable banking area is being pushed outwards. Towards the east the banks are moving more into the traditional insurance market area. The southern end of Bishopsgate, for example, was not considered a real banking address 10 years ago, but has been transformed into a prime banking area now.

Westwards the banks have pushed out further towards St Paul's, and to the top end of Cheapside. Bank of America has been in Gateway House, the old Wiggins Teape building opposite this paper's offices, for some years. Now the Midland is moving into Watling Court, a stone's throw away from Bank of America, and on the south side Scandinavian Bank intends to occupy the old Spillers building. Barclays has gone further afield, taking 96,00 sq ft at Fleetway House in Faringdon Street.

The accepted banking area is growing—but slowly—and still there are areas where most bankers stubbornly refuse to go. Eastwards and westwards yes, but few push northwards. The north end of Moorgate, for example, would not be considered a suitable area by a bank. South, of course, the Thames provides a natural barrier.

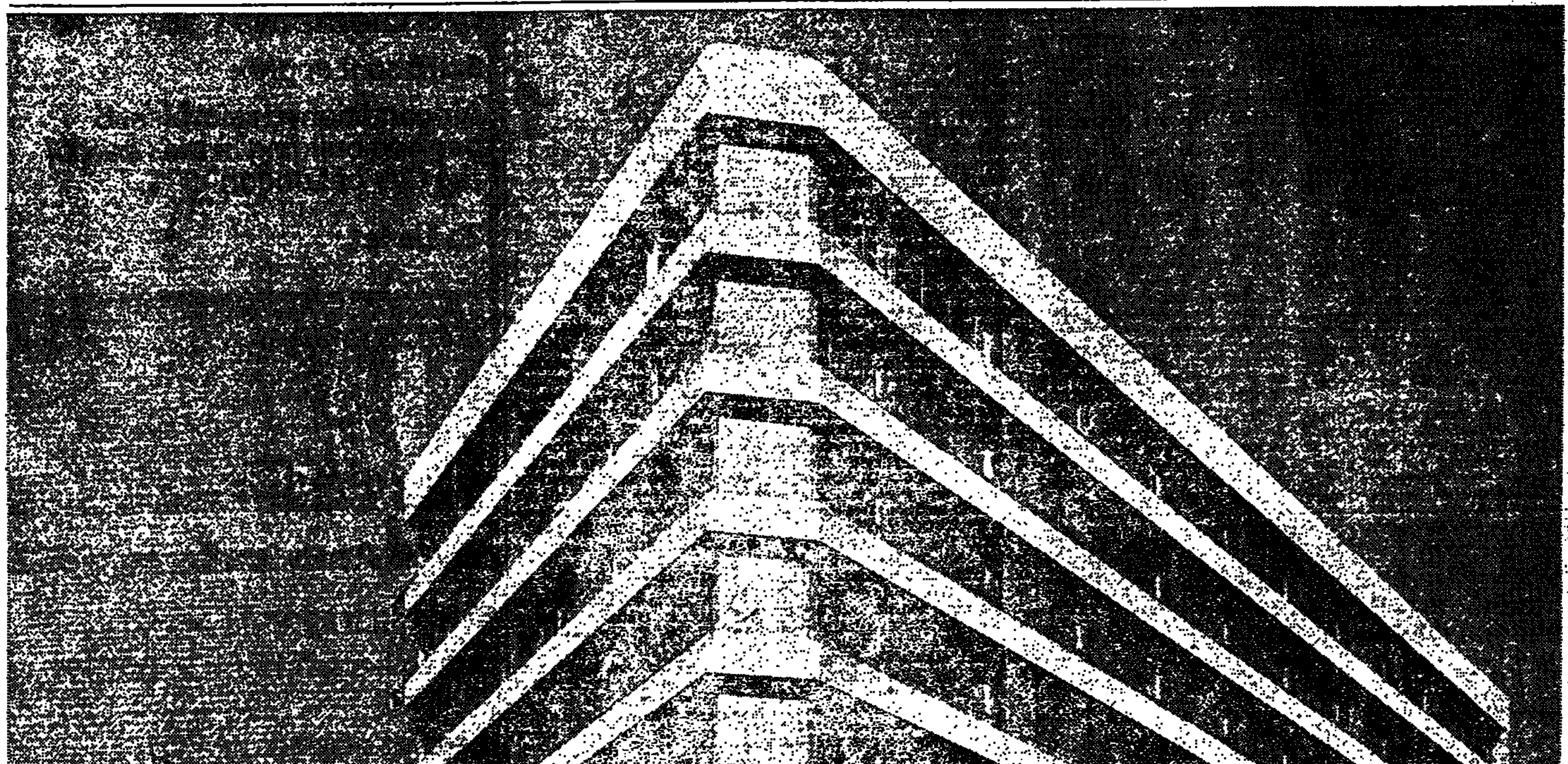
As the banking zone grows the rent differential widens. According to Richard Ellis, office space in the prime area of the centre currently commands about £26 to £27 a sq ft—a rise of perhaps 10 per cent over the last 12 months. Spreading out from the Bank of England, rents in Gresham Street, King Street and Leadenhall Street are around £20 to £21 a sq ft. Though never disclosed Midland's rent on Watling Court (admittedly struck a year ago now) was believed to be under £23 a sq ft.

Hesitate

Some deals, with "views" of the Bank of England have evidently been struck at some pretty fancy prices—up to £40 a sq ft, but this is still far from the norm. The level for a prime office block is getting very near to £30 a sq ft and it looks very much as if by the end of this year that figure will have been comfortably reached. There may be some hesitancy, for £30 probably represents a psychologic[al] barrier, but once breached a couple of times it will soon b[e]come the next yardstick.

Rents continue to grow, the[re] is a shortage of the right pr[o]perty in the prime areas and t[he] banking community's appeti[te] for more floorspace seem[s] insatiable. Presumably there w[ill] come a time when the domest[ic] banks have cleared their big e[x]pansion plans and the inrush [of] foreign banks slows. But un[til] then, and it looks a long way o[ff] the banks will continue to s[et] the pace for the London off[ice] market.

Terry Garre[tt]



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Photomontage of the proposed scheme. If it goes ahead the cost is likely to be at least £30m

Mansion House square scheme under fire

THE REVIVAL of plans to create a new square at Mansion House in the heart of the City promises to be one of London's major planning talking points of 1982.

An application to construct an 18-floor office building, providing 178,500 sq ft of floorspace, together with a new shopping and pedestrian concourse beneath ground level, was submitted to the City Corporation at the beginning of January by Mr Peter Palumbo, who has spent 23 years compiling the site.

So far, Mr Palumbo has acquired 12 of the 13 individual freehold properties involved and 345 of the 348 individual leasehold interests that make up the site involved in the proposed scheme.

It was in May 1969 that the City's Court of Common Council agreed in principle to permit the same development to proceed, although it withheld full planning permission until it could be satisfied that Mr Palumbo had full control of the site and could therefore see the development carried out in one, continuous phased operation.

The new planning application before the City, which has already aroused the wrath of several conservationist bodies, is a fresh one based upon the fact that the last few leasehold interests expire within the next four years.

At the centre of the scheme is the 290 ft tall glass-walled building which was designed by Mies van der Rohe, one of this century's most influential architects. Although Mr Palumbo makes no secret of the fact that he would like London to have an outstanding example of van der Rohe's work, others feel differently about transforming the heart of the City.

If the scheme is to go head, it will entail the demolition of eight secondary listed buildings — mainly a wedge of small to medium-sized properties of mixed style and construction between Queen Victoria Street and Poultry, although other adjacent buildings of architectural and historic importance would be retained.

It seems quite likely that the City will reject the Palumbo plans, which will open the way for a public inquiry into the proposals and their impact on the local environment.

The height of the proposed office tower, the reorganisation of the local road network and the disruption involved during development may well all militate against acceptance. But, equally, the scheme could meet with the approval of a Secretary for the Environment who has shown a close interest in the design aspect of modern commercial developments and may well approve of the attractions of such an ambitious concept.

If it goes ahead, the scheme is likely to cost at least £30m and would not get under way before 1986. Nearly 80 per cent of the site area would be used in the formation of the new public square while new shopping facilities would be included in the underground public concourse.

Access for pedestrians would be directly from Bank Underground station and by escalators and stairs from five points around the square and office tower. The office building, accounting for less than one quarter of the total site area, would provide nearly 18,000 sq ft gross per floor. The facade would comprise bronze mullions, marble and Cornish granite, designed to complement the stonework of the adjoining buildings.

Michael Cassell

Demand and rents depressed in Holborn

IT WAS the best of times; it was the worst of times; it was the spring of hope, it was the winter of despair. In a word, it was Holborn.

THE HOLBORN property market is facing a difficult year, with rents depressed, demand at a surprisingly low level, and confidence shattered into enough pieces to make a kaleidoscope.

Most worrying of all to market observers and participants is the likely prospect of a wholesale defection from the area of Holborn's traditional mainstay, the publishing industry.

Should News International, Associated Newspapers and the Daily Telegraph remove their printing works from the Holborn property market, what is expected to be just a difficult phase will turn into a crisis.

This is depressing news for an area that has seen average rental levels in the past four years increase by 50 per cent at the top end (new air-conditioned premises) and by almost 100 per cent for old, pre-war accommodation.

Average rents for new, air-conditioned space currently stand at £15-£16 per sq ft compared with £19-£21 in the West End and £23-£26 in the City. Modern and refurbished property commands an average rent of £12-£13 per sq ft against the West End's £14-£16 and the square mile's £17-£21.

So, on the face of it, Holborn should have a rosy future. It has good communications with the rest of London, is easily accessible to the leading retail and financial districts and has an ample amount of good property available.

However, the gloom has not been dispelled by one of the leading Holborn and City property groups, Weatherall, Green and Smith. In a profession not characterised for its blunt realism nor renown for its short-term objectivity, WG & S has produced some ominous forecasts.

"Office property in the south-east generally and Holborn in particular has weathered the economic difficulties of 1981 surprisingly well," WG & S says. "However, we cannot look forward with confidence this year.

"The past few months have seen a fall-off in demand and the presence of a number of substantial new or refurbished buildings complete and unlet is not reassuring."

WG & S has about 260,000 sq ft of office space on its books at the moment.

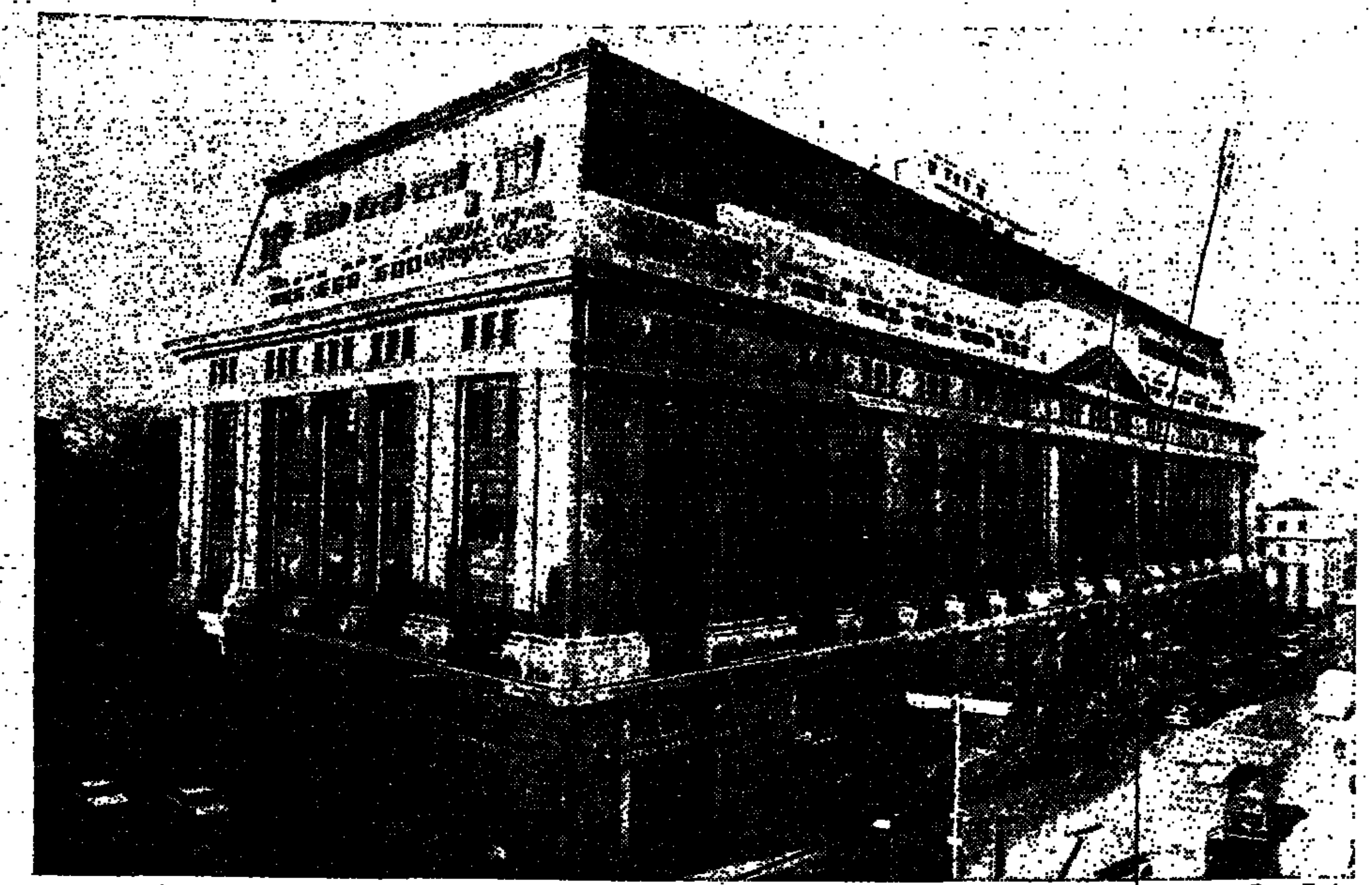
Within the market there is a strong demand for small and medium office suites, most of which are refurbishments. But many of the buildings attract little attention from investment funds with a penchant for large air-conditioned new developments or prime rehabilitated property.

WG & S notes a possible change in attitude here. "Institutions are beginning to look seriously at non-air-conditioned offices, probably because of the higher building and running costs. Furthermore, there is almost certainly a ready market for purpose-built small prestige accommodation of 700 sq ft upwards."

In chronicling the mixed fortunes of Holborn, it is important to delineate the area. The "within sight of the Pru" definition is no longer applicable whereas the old borough limits give a rough outline. The approximate rectangle formed by Euston Road, Farringdon Road, Victoria Embankment and Charing Cross-Tottenham Court Road constitutes 1.3 sq miles of the Holborn property market with about 1m sq ft of empty office space available.

The market has experienced a fundamental change in recent years. The premises of a former batch of lawyers from Chancery Lane, who doubtless added an appealing Dickensian touch to overcrowded, unsafe office garrets, have been replaced by a growing number of sleek chrome, tint glazed multinational offices.

But even with the multinationals, things have not gone smoothly. Lummus, the petrochemical engineers, recently decided to decentralise by moving to Northampton, leaving 122,800 sq ft of office space vacant in Fetter Lane. Current asking rent (with an upward review due shortly) is £8.50 per sq ft and the leases are being offered at nil premium.



Roger Taylor

Victoria House, in Southampton Row, is being extensively refurbished by its owners, the Liverpool and Victoria Friendly Society, to provide modern office suites, adding to the area's up-to-date office accommodation

Prospects

The common view held by property agents is that although the immediate future is not very encouraging, the medium and long-term prospects for Holborn are good. Consequently, a number of large developments is planned or under way.

Griffin House, a 60,000 sq ft office development financed by the Midland Bank Trust Company, is due for completion later this year, whereas Land Securities plans 194,000 sq ft of office accommodation behind the existing facade of Grand Buildings, Northumberland Avenue, once vacant possession is achieved at the end of the year.

A further 80,000 sq ft of space is planned for the Cavell House site at the junction of Charing Cross Road and St Martin's Lane.

Smaller schemes include 40,000 sq ft of new office accommodation at 6/10 Norwich Street (the freehold sold for £2.4m and the scheme has been pre-let at £16 per sq ft) and a refurbishment of 90/94 Fleet Street which will yield 10,000 sq ft of air conditioned offices on six floors.

Local government has had an impact on the Holborn property market. In the case of the Camden authorities, high rates (196.2p in the £) are dissuading some new entrants into the market and forcing some existing occupiers to consider the lower rateable values in the Cities of London (133.6p in the £) and Westminster (132.2p in the £).

Rates are becoming a major constituent in the cost/benefit analysis for many companies, and are likely to continue to exacerbate the financial difficulties of businesses under threat in the recession. The nightmare is that once the economy recovers, any significant uplift in demand could be negated by escalating rates.

On the more positive side of local government activity, the GLC has been attempting to "sell" the London office market to the EEC, in particular by promoting a number of sites (naturally close to Chancery Lane) for the European Trade Marks Office. Munich is also in the running as a site for this EEC body.

The willingness of local planning authorities to allow change of use and redevelopment of the Fleet Street newspaper print works will determine the area's composition in years to come.

The Fleet Street-based estate agents Farebrother are not greatly concerned at the prospects of such an upheaval. "Admittedly a large amount of space could come on the market, but not all at the same time," the agents say.

Weatherall Green and Smith adds: "Increasing worries about the timing of the economic recovery appear to have no effect on the prime investment market, which remains in a confident and healthy mood. However, there are clear signs of a slowing down in rental growth and if these continue throughout this year, yields may rise to compensate."

Prime Holborn office yields are currently about 5 per cent, or about 0.5 per cent above the keenest yields in the West End and the City.

The market conditions for the next 18 months will be greatly influenced by the Chancellor's March 9 Budget and subsequent movements in interest/mortgage rates. But generally it is anticipated that rents will remain either unchanged or fall slightly as demand remains low, while buildings will take longer to let.

Very competitive terms will have to be offered for large buildings, and higher local rates might offset any recovery later in the year.

Overall the fabric of Holborn is improving. The opening of the new Covent Garden and Gamages retail developments filled a major gap, and the quality of the refurbishments completed and currently under way is high enough to give the area long-term appeal.

Areas such as King's Cross probably will remain blighted for years to come, while the departure of the newspaper industry could represent more of a challenge than a threat if the economy stages a strong sustained recovery in the next few years.

By the end of the decade, we could see a Holborn which is dramatically different to the one which exists today.

**With apologies to Charles Dickens and "A Tale of Two Cities."*

Paul Hannon

HOLBORN RENTS (£)*

	1978	1979	1980	1981
New air-conditioned	9-10	12-15	15-16	15-16
Modern/refurbished	6.50-7.50	9-11	11-12.50	12-13
Old	5-7	7-8.50	8.50-9.50	10-12

* Per sq ft/per annum. Based on WGS data.

Retailers maintain good trade

THE GLOOM and despondency that has permeated many sectors of the retail trade over the past two years of recession has so far not been reflected in the City's shops.

Retailing in the City of London is untypical of what is happening in High Streets elsewhere. This is because retailing in the Square Mile is primarily concerned with meeting the needs of its office worker population during the day, rather than hoping to cater for the small number of residents in the City's catchment area.

The prime advantage of having a fairly stable and consistent population of office workers is that the City's retailers can be fairly assured of their level of trade even in bad times. The many sandwich bars in the City, for example, report a consistent level of trade since people have to eat whatever the economic conditions. Where the City's retailers sometimes lose out is being unable to capitalise on a booming consumer economy—although the growing number of shops catering for leisure activities shows that even in times of economic hardship, the City's occupants still have considerable disposable income.

Given that the City's population is overwhelmingly office-oriented, the distribution of retail outlets within the City is clear. There are scarcely any car showrooms, for example, as you might find in a normal trading area—yet motor accessory shops abound, reflecting the City worker's need to buy replacement and maintenance goods rather than capital items.

The City's retail outlets can be divided into six distinct categories:

● Food and drink: the huge migrant population that commutes into the City each day needs to be fed at lunchtime. Feeding the masses ranges from the smallest sandwich bar to top restaurants such as Le *Poulbot in Cheapside. The only* factor in common that all these places have is the overwhelming demand for catering facilities in the City. Virtually every nook and cranny is in demand to turn into either a wine bar, delicatessen, or restaurant.

Many City property agents are reluctant to even accept instructions to find restaurant or wine bar premises as the demand is so great. Obviously, the established catering chains are in a stronger position to negotiate for sites, but in the main most catering outlets are "one-off" units operated by individuals.

● Fashion: Over the past decade or so, the character of the City's working population has changed, with more working women at all levels with jobs in the City. In the main, however, it is the young women in secretarial or clerical jobs that have influenced a number of down-market fashion outlets to proliferate in the City.

The impact of the femade office worker has also led to a proliferation of fashion accessory shops—such ah the inevitable British Shoe Corporation outlets (Dolcis, Saxone, etc.) which can be found in any High Street as well as handbag and leather goods shops.

Of all the retail sectors in the City, however, it has been the womens fashion shops that have suffered most from the recession and the impact of "wrong" styles. (The fashion trade generally got the style wrong when the recession hit: shoppers were looking for better value for money rather than way-out designs.)

The mens' fashion market has been less affected by style or, seemingly, the recession. Since the predominant "uniform" in the City is the suit, it is hardly surprising that tailors continue to form a significant part of the retail make-up of the City.

● Essential items: The City is full of shops which provide essential items such as hardware or groceries, which fulfill a need for the transient office worker population which cannot reach similar stores at home during a working day.

● Luxury goods: While it would be hard to buy large consumer durables in the City (apart from the Houndsditch warehouse in Bishopsgate), there is a surprisingly high level of demand for small electrical leisure goods, mainly video and audio equipment.

● Financial outlets: the ubiquitous banks and building societies are, not surprisingly, as much in evidence in the City as in most High Streets. The problem, however, is that these type of institutions can easily afford to pay more for prime sites and thus help force out other retailers who might provide a more mixed retail environment.

● Stationers, booksellers, office equipment: not surprisingly, since the City relies heavily on paperwork, office equipment and stationery suppliers abound within the Square Mile and are likely to go on doing so even with the advent of computer technology.

One characteristic of retail development in the City is that it tends to be the "cream on the cake" for office developers. Offices are the main object of any development but, to appease planning authorities, retail and other facilities are often provided on the ground level of a new office development. However, rents from the retail shops are usually substantially lower than office rents and so are generally taken as an extra to the project's viability rather than calculated as an integral part of it.

However, there remains strong pressure from the planners on office landlords to ensure that genuine retailers are allowed in wherever possible so as to help curb the proliferation of "fringe" retailers such as building societies and foreign banks.

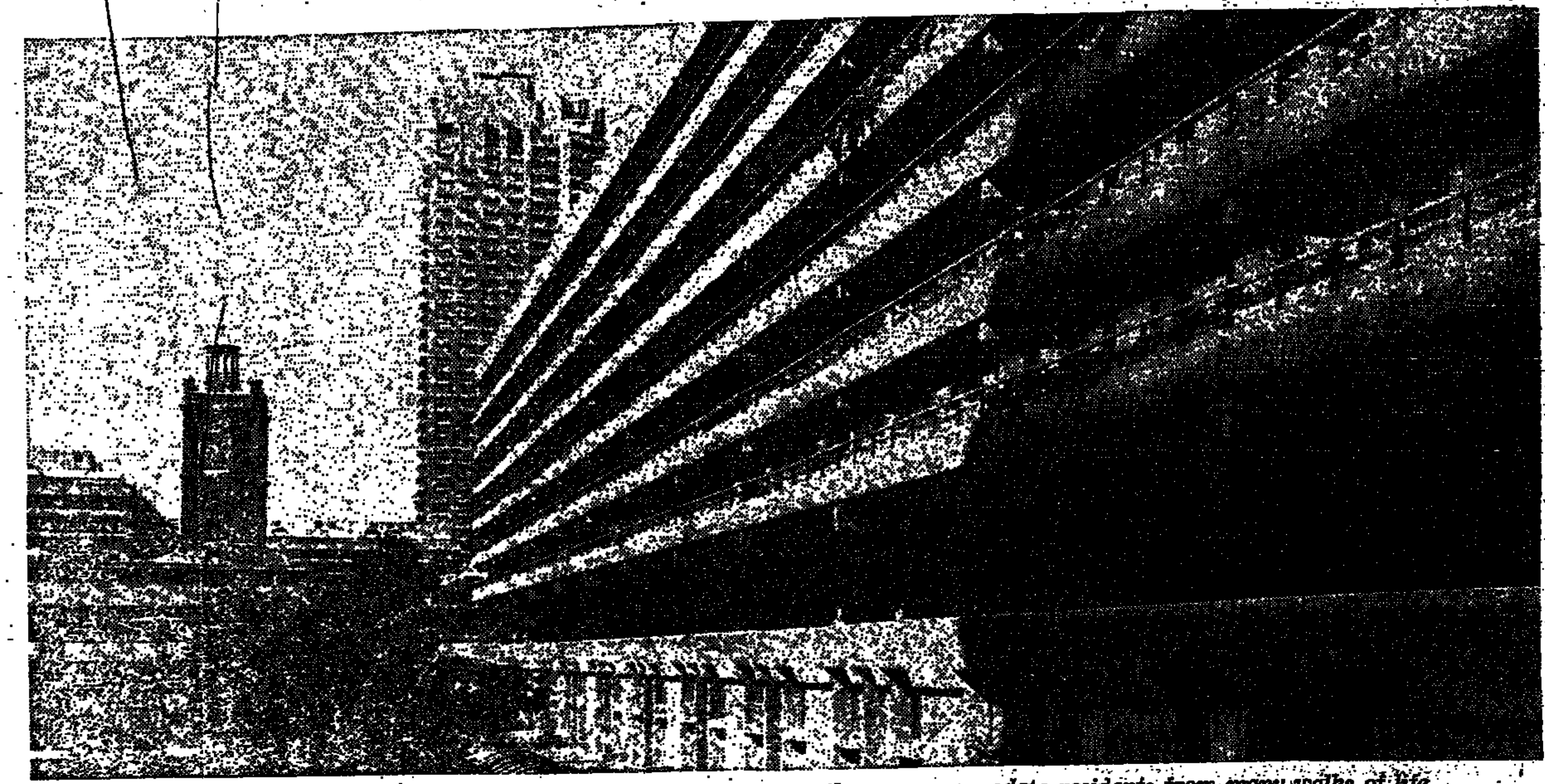
Rents in the City for retail outlets are relatively stable according to a number of agents—unlike the position in other shopping areas such as the West End. Healey and Baker, for example, remain "enthusiastic" about the shop property scene in the City.

One of the newest and most interesting retail outlets in the City is Books Nippon, situated close to St Paul's Cathedral, which opened last month. Books Nippon claims to be the largest Japanese bookshop in Europe and will eventually stock 60,000 Japanese books aimed at the large expatriate Japanese community as well as an increasing number of tourists.

David Churchill

Audrey Powell describes life in London's Square Mile after the workers have gone home

Barbican homes add to resident population



Flats in the Barbican. Studio flats ranging up to a £500,000 penthouse accommodate residents from many walks of life.

THIS MORNING approaching 400,000 people will be working in the City. Yet tonight only 7,500 will sleep there.

In the 19th century the Square Mile had up to 130,000 residents. But the growth of commercial building, wartime bombing and the fashion for dormitory suburbs have taken their toll and the area increasingly has led a double life—by day busy and alive, by night a city of cats and caretakers, with a resident population that has dipped to fewer than 5,000.

In the 1970s the development of the Barbican with its 2,000 flats and maisonettes, brought some movement the other way—which was its purpose.

But what other life is now left in the City once the thousands of workers have poured out of offices, banks and shops and disappeared into the Tube or buses which take them home?

Probably more than you might think. The City boundaries enclose the eyries of 200 to 300 legal eagles in the Inner and Middle Temple and Clifford's Inn; the staff of St Paul's Cathedral and the 50 boys of the Choir School, and the temporary occupants of 700 beds in St Bartholomew's Hospital.

There are the residents of 200 local authority flats, of police flats, of nurses' homes, of hostels. The City's one hotel, the Great Eastern, has maybe 200 guests from Mondays to Thursdays.

There are the landlords living with their families above the City pubs; the journalists who have pieds-à-terre off Fleet Street. Office blocks and banks often have flats for senior staff.

There is also more vacant living accommodation in the City than there would seem.

Choice

In Fetter Lane a block of 100 flats is being refurbished and the units sold as tenants leave. There is a choice of one- to three-bedroom flats at from £64,000 to £179,000 and there are telex facilities in the building.

Agents Charles Price Rantor and Co say about half the flats have been sold—to companies, to offshore investors and to a cross-section of pied-à-terre seekers.

Down by the water in Upper Thames Street is Queen's Quay where another 100 flats were built, on a warehouse site, in the 1970s. Then they fetched £14,750 to £32,500. Resales crop up quite often—at between £42,500 and £57,500.

The flats on the river side are sunny, and while you do get a rather generous view of mud when the tide is out, you have the entertainment of watching treasure hunters probing the beach in the hope of finding Roman relics.

There is Amen Lodge, an angular modern block of a dozen flats, just across from St Paul's. Lately, it has been encrusted with estate agents' boards, for three properties there have been on he market. The penthouse, with ts pigeon's eye view of the catedral, has been available for ix months. The Bee Gees pop group used it, then a compan owned it. Another company seems the likeliest buyer, at £95,000.

The other offering are a two-bedroom ground oor apartment, rather otimistically priced at £80,000, nd a one-bedroom maisonetteat £38,950.

And there is muh more on a small scale, to b found, by those whose deternnation has been strenghened by winter weather and rail stikes.

But to the Barbian, a very different propositin—500,000 cubic yards of concete, 50,000 tons of reinforceient steel, hundreds of thousans of bluish-brown bricks and paiors spread over 36 acres.

Flats are in rows like tiers in a theatre, dwarfd by three towering blocks of 43 or 44 storeys. Traffic is totally segregated and there is a maze of walkways. There are lawns like billiard tables. The wind ruffles the reservoir-like lake on which ducks have settled and over which seagulls sometimes wheel. (Do those towers remind them of familiar cliffs?)

When the Queen opens the Barbican Centre for Arts on March 3, this massive development—estimated in 1959 to cost £20m, but which has, in fact, run through £200m—will be all but finished.

It was built by the Corporation of London for letting, but now under the Housing Act 1980, the units are being sold. Some 900 tenants have applied for the right to buy. 35 flats have already been sold on the open market, others are in solicitors' hands.

Leases are for 125 years and prices start at £32,500 for a studio (one room with kitchen and bathroom).

A three-bedroom flat (whose current rent would be £6,250 a year) sells at £138,500. Its service/maintenance charge is £2,485 a year. Tenants who buy flats receive a discount of up to £25,000.

The penthouse on the 37th to 39th floors of Lauderdale Tower is for sale at £500,000. has four bedrooms, three bathrooms, dining room, a galleried reception room, a conservatory/roof garden and balcony. And at twilight you look out on to a shimmering backcloth of lights in the surrounding office towers or down on to a carpet of illuminations that seems to stretch out for ever.

But what is it like, living within what joint selling agents Chestertons and Allsop term this "spectacular modern development" and a travel writer calls these "brutal windswept canyons?"

Stella Currie, chairman of the Barbican Association, has been there for 11 years and enjoys it. She is a solicitor and appreciates being able to walk to her office in the City.

"There is a nice growing community spirit," she says. "You bump into friends in the estate shops. We have our own Christmas festivities."

Long leases

She thinks the opportunity to buy long leases will keep more people there at weekends, since tenants who go away to country cottages will be selling these, to buy their Barbican properties.

But she hopes flats will not eventually pass into the hands of companies, who might use them as offices.

Not everyone shares Miss Currie's enthusiasm for the Barbican. An author was double-edged in his comment. For him the advantage of living there was considerable, he said, "because there are no distractions—it is completely dead at night."

Presumably the opening of the Arts Centre will alter this. Even so, he added: "I would not want to bring up a family there."

Doctors, bankers, accountants, executives of oil companies, have flats on the estate. But many residents are not connected with the City at all—they live there and commute out.

Others are retired people who happen to find it convenient—and nearly 25 per cent of the tenants are from overseas. But the joggers who pad around the walkways at night are said to include some well-known British faces (whose owners like to take their exercise in seclusion).

It is easy to forget that the Barbican takes in only a small section of the Square Mile. Doubly qualified to give an opinion on living in the more traditional part is liquidator extraordinary Sir Kenneth Cork, who has a riverside flat in the City and, as a former Lord Mayor of London, has lived in the Mansion House ("It is like a country house and you can't hear any traffic noise").

Off duty, the City becomes like a village, he says. "Sometimes I walk along the Thames and go up to one of the little pubs . . . It is absolutely beautiful at night."

Sixties office blocks showing their age

CONSTRUCTION wrk in the City of London has nt stopped since the end of the war. Although the sky is no onger full of cranes, new buildings and extensive refurbishment continue to be part o everyday life.

Offices continue to be the main area of growth, although the heady days of the early 1970s are well over. No developer undertakes large sale office redevelopment withut a great deal of serious research, some of it made necessary by the kind of architecture that was commonly built in the 1950s and 1960s.

Many of the medium-sized office buildings in the City that were built 20 years ago have not worn well and are often in need of considerable and expensive maintenance.

One of the major reservations that future clients have about the standard office block is the poor quality of much of the servicing—particularly air conditioning and inadequate underfloor trunking for the more sophisticated telephone and communication systems needed today. Refurbishment of the standard 1960s office block has become n expensive business in a short time.

The City's office architecture has never been particularly distinguished—inded the buildings around the major architectural monuments such as St. Paul's and the Tower have been insensitive in the extreme. There is now one developer who has a scheme to rectify the architectural disastrs of the last 20 years. Peter Palumbo still wants to build the office tower and landscaped square opposite the Manson House that he proposed in 1969.

His scheme is to build a tower of offices by the distinguished architect Mies van der Rohe, who came from the Bauhaus and worked principally in Chicago. Mr Palumbo has had a lifelong admiration for the work of Mies van der Rohe and his one ambition is to put up a building in London by this master of the modern movement.

The new square would be surrounded by master architects: St Stephen's Walbrook by Sir Christopher Wren in one corner, the Midland Bank by Sir Edwin Lutyens on the Poultry side and the somewhat amended side facade of George Dance's Mansion House facing the tower by Mies van der Rohe. There is no certainty at the moment that this scheme will be built although there is every chance that it will. It would add a building of distinction to the City.

Other new office schemes either just finished or about to be completed are the large scheme in Chiswell Street developed by Whitbread and Trafalgar House and the new Mermaid Theatre-cum-office building by Blackfriars. This block has an interesting planning history. Puddle Dock has borne the signs of human occupation since the Romans, further revealed during excavations to build the new Mermaid Theatre and offices for Touche Remnant.

Permit

Lord Miles of the Mermaid Theatre had acquired an office development permit in the early 1970s in the days of the late Mr Anthony Crosland. The Trustees of the Mermaid Theatre realised that offices would make good use of the Puddle Dock site and the theatre could be refurbished at the same time.

The architects for the redevelopment were Richard Seifert and Partners and the occupants who had succeeded in buying a 999-year lease from the City Corporation were Touche Remnant. The lease cost £1m and the refurbishment of the theatre £1½m. The building is a good solution to the problem of mixed uses in the City and it makes use of a difficult site in a practical way. Total cost of the redevelopment, according to Lord Remnant, Managing Director of the Touche Remnant Investment Management Group, was £10m.

Other prime office locations near the river include the site of the old Billingsgate Fish market. The new market has now opened at West India Dock and has been designed by architects Norman Levinson and Partners. It opened for trading on January 19, leaving the future of the site in the City in a state of uncertainty.

The old Market Building has now been listed and there are a variety of uses for the remainder of the site. Offices or a new Commodity Exchange are under consideration by the City Corporation. The difficulty is to find a suitable new use for the old market which can take full advantage of the open structure and yet be financially viable. It is a hard case to argue as any leisure uses would depend on support from the City's small population after office hours.

There can be no doubt that the future of office development in the City depends to a large degree on the success of the various office-based schemes that developers are working on for the South Bank of the Thames. If the Coin Street proposals by Greycoat Estates get the go-ahead after its lengthy inquiry, the architect Richard Rogers will have an opportunity to demonstrate that large areas of offices can also have architectural merit and a public face.

His proposals for the new Lloyds Building remain the most exciting new development in the City, and it is tantalising to watch the work in progress on the site. Rogers' popular success with the Centre Pompidou in Paris could be repeated with the Lloyds building in the City. At last the City would have an architectural monument of the last quarter of the 20th century.

Colin Amery

Office developments in the City of London

Source: Hillier Parker

The buildings marked on the map are listed below by postal area. The list shows the gross external floor area of each building together with a reference number indicating its position on the map.

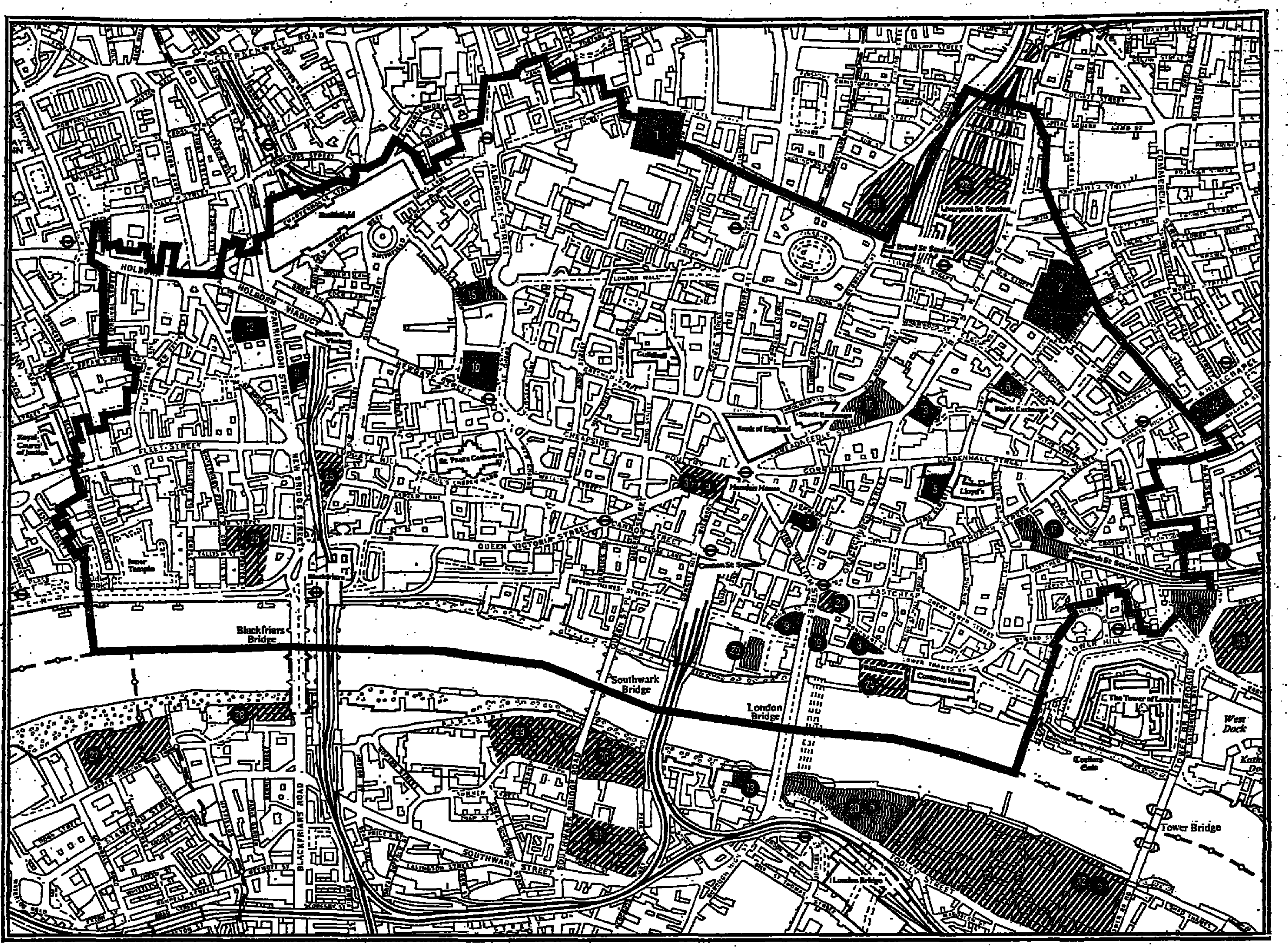
Under Construction

Map Ref No	Name	Sq ft
1	Whitbread Brewery, EC2	148,994
2	Cutlers Gardens, EC2	621,325
3	28/30 Bishopsgate, EC2	194,600
4	24/28 Lombard Street, EC3	113,408
5	Lloyds Building, EC3	544,212
6	Bury Court House, EC3	121,000
7	Goodmans Yard, EC3	260,000
8	Peninsular House, EC4	115,841
9	King William St House, EC4	210,391
10	Post Office HQ, EC4	410,191
11	Fleetway House, EC4	123,709
12	56/58 Farringdon Street, EC4	166,948
13	New Hibernia Wharf, SE1	119,560
14	Gardiners Corner, E1	330,200
With Planning Consent		
15	Little Britain Site, EC1	373,486
16	1/17 Old Broad Street, EC2	286,718
17	Fenchurch Street Station, EC3	127,961
18	Minories Car Park, EC3	141,621
19	Regis House, EC4	151,997
20	Swan Lane Car Park Site, EC4	172,000
20a	*Hays Wharf, SE1*	*738,000*
Proposed		
21	Broad St Goods Depot, EC2	500,000
22	Liverpool St Station Site, EC2	1,200,000
23	Monument Station Site, EC3	100,000
24	Billingsgate Market, EC4	375,000
25	LTE Site, Ludgate Hill, EC4	200,000
26	City of London School, EC4	450,788
27	Coin Street, SE1	995,000
28	Kings Reach, SE1	328,166
29	Globe Theatre Site, SE1	141,000
30	The Laing Site, SE1	210,000
31	Courage Bottling Plant, SE1	106,541
32a	*Hays Wharf, SE1*	*1,332,974*
33	Royal Mint Site, E1	300,000
34a	*Mansion House Square, EC4*	*178,500*

a= Change during January 1982 not included in totals

Analysis

	Developments	Floorspace
Under Construction	14	3,480,379
Proposed with Planning Consent	6	1,253,783
Proposed without Planning Consent	13	6,977,469



Key at 1st January 1982

Under construction

Proposed with planning consent

Proposed without planning consent

DEVELOPMENT activity in the City of London has been buoyant; last year speculative development completions reached an estimated 1¾m sq ft, the highest level achieved since 1975. This year, the total of speculative space due to be finished is likely to be around 1.2m sq ft, with about a third of this total already pre-let.

Despite the recession, which has hit demand for accommodation in most office property centres, the take-up of development space on the open market has remained much higher in the City than during the last recession. Whereas in 1975 less than 500,000 sq ft of the 2m sq ft of completed space was *taken up, last year take-up in* new schemes approached 1m sq ft.

Present developments include a broad mix of new schemes and refurbishment projects. The map above, compiled by Hillier Parker May and Rowden, pinpoints schemes planned or in the course of construction of *over 100,000 sq ft.*

Much of the emphasis in terms of new developments has been on the so-called City "fringe" areas, where sites have been more easily available and where the larger schemes have tended to emerge. Few new office schemes of any significant scale are planned for the *City's inner core, so that* the fringes might well eventually provide the only opportunities for tenants seeking large amounts of space close to London's financial heart. For the time being, however, the recession is having an undoubted impact on the attractions of off-centre locations and *promoters of some of the fringe* schemes now being completed are unlikely to find the search for tenants an easy one.

At Cutler's Gardens, on the eastern boundary, Greycoat is actively marketing its 790,000 sq ft office scheme, while some of the largest schemes to be unveiled recently include St *Martins Property Corporation's* plans for Hay's Wharf, the Rosehaugh Greycoat scheme close to Liverpool Street Station and the S and W Berisford/London and Edinburgh Investment Trust proposals for the old Billingsgate market site on the Thames.

Development and refurbishment continue to meet the sustained demand for City accommodation, as William Cochrane reports

Developers look past recession

TWO MAIN themes emerge from the pattern of City office development—planned or proposed—over the past year or so. First, the ability and inclination of developers and financing institutions to look beyond the present recession; and, second, the sustained pressure to extend conventional City boundaries to make way for development on a large scale.

Estate agents Richard Ellis, despite their recently published reservations about the attractions of City property as a short-term investment option, have this to say in their recent review of the City of London office accommodation market in 1981:

"The relative strength of the market during the current recession has been due to a continuing demand for accommodation in new developments."

Ellis go on to point out that this factor accounted for almost 40 per cent of total take-up in 1981, a considerably higher percentage than in the previous recession when business confidence in the financial sector was severely hit. "Although growth in institutional bank lending is thought to have eased marginally last year," they say, "financial firms in the City continue to increase their spheres of business."

The City, too, seems to be continuing to increase its catchment area for new tenants. Foreign banks in London, the majority of which are located in the City, are reported to have increased their number of employees by 4.8 per cent during 1981.

Of course, there is a sharp end to every market. Ellis expect that speculative development completions in the City will decline from a little over 1.8m sq ft in 1981 to around 1.2m sq ft this year. However, even here it could be argued that last year's total was swollen by something unusual: the completion of Greycoat Estates' 500,000 sq ft plus Cutlers Gardens development.

Cutlers Gardens, placed as it is on the "wrong" side of Bishopsgate, is a prime example of the outward pressure on conventional City boundaries.

Mr Simon Harris of the specialist City agents Baker Harris Saunders explains it this way: "There has been, over the centuries, a natural development of the City from the River Thames going north, with bands of development since around 1600 which even today restrict large-scale new construction."

Therefore, close to the river and still relatively close to the City's banking/insurance core, opportunities for large-scale redevelopment have existed south of Upper Thames Street—which is why Billingsgate Market has been such a talking point, and why top accounting firms like Peat Marwick and Price Waterhouse have been tempted to locations like Puddle Dock and Southwark Towers respectively.

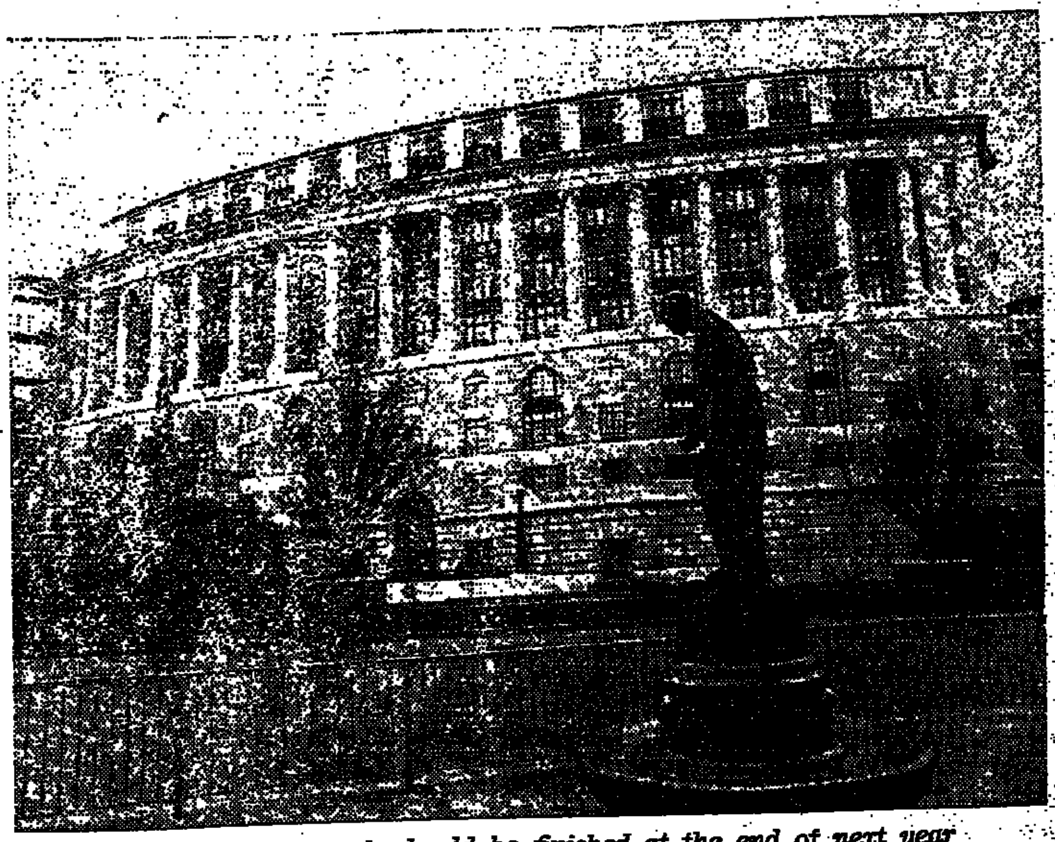
The band north of Upper Thames Street to Cheapside is a "natural" area for refurbishment, hence the doubts about Mr Peter Palumbo's plans for the island site facing London's Mansion House—which include an 18-floor, 137,000 sq ft net office tower.

Influx

North of Cheapside saw the influx of the Victorians and Edwardians, with purpose-built offices in Gresham Street in particular. The further north you go, say Baker Harris, the more modern the buildings become until the point directly north of London Wall where there are only pockets of older construction.

Mr Harris says: "Large-scale redevelopment will take place where outmoded uses have been contained in buildings which have not been considered architecturally important." Examples include the riverside wharves—especially south of the Thames, where developers have been planning office space in the millions of square feet at Hay's Wharf, Coin Street, Surrey Docks and Vauxhall; warehouses to the east, and British Rail's Liverpool Street Station to the north.

Neither the developers nor the subsequent occupiers of space developed on the City "fringe" take kindly to this trend being seen in terms of simple opportunism. British Petroleum, which took the 440,000 sq ft Whitbread/ Trafalgar House development on the old brewery site at Chiswell Street, saw its move there last year as a step in the regeneration of the area.



Unilever House: work should be finished at the end of next year

£37m renovation job

THE RENOVATION of Unilever House, overlooking Blackfriars Bridge, and the headquarters of Unilever for half a century, has been in progress since 1977—the year in which the building was listed as being of historical interest. The work will not be completed until the end of 1983.

It has been a multi-faceted operation, involving what Unilever describes as "probably the largest and most complex refurbishment project ever carried out in an occupied building"; and, in fact, it goes far beyond the normal definition of refurbishment.

By the time it is completed, it is estimated that the project's total cost will be £37m. Of this, £12.8m has been spent on building a completely new north wing which adds 90,000 sq ft of gross space, and 70,000 net to the existing Unilever House areas of 230,000 and 190,000 sq ft respectively.

Built for function rather than style, the new wing contrasts strongly with the main building which has a predominance of private offices; it is largely open-plan, and was designed with the larger, service departments—such as personnel, marketing and accounts—in mind.

But the flexibility it has brought has been financial as well as occupational. In the course of its deliberations Unilever reckoned that it could reduce its headquarters staff from 1,850 to 1,500 which—with the north wing taking 500—will allow it to dispose of three satellite buildings.

St Bridget's House, Kildare House and Conway House, directly north of the new north wing and bounded by Dorset Rise, Tudor Street and Bridewell Place, are about to go on to the market on the basis of lease (at a rental of £1.75m overall) or sale at an all-in price of £28m.

Repairs

That leaves the refurbishment of Unilever House proper at a net cost of £9m, all being well. By 1983, that refurbishment will have cost £24.2m gross, breaking down as:

- £2.1m for essential services (lifts, plumbing, electrical equipment), replacements and repairs;
- £2½m for new space, including travel and communications centres which Unilever's project team has created by internal rebuilding;
- £19.6m for improvements and modernisation including conversion of the eighth floor—which a blind attic had previously made unsuitable for offices—into a suite for the company's top executives.

Mr Bert Sugarman, property controller of Unilever, says that without all this the building had been losing value. With it, the £24.2m spent on refurbishment was worthwhile in itself. By definition, therefore, the company sees an improvement to its asset value from the operation as a whole.

Sir David Orr, chairman of Unilever, noted earlier this month that the company had originally considered other options. "In the early 1970s," he said, "it was fashionable to talk about moving out of London—indeed some of our larger operating companies had already decided to decentralise." Indeed they had, and did: Birds Eye to Walton on Thames; Van den Berghs to Burgess Hill; BOCM to Basingstoke; Lever Brothers to Kingston, and Unilever Export to Bristol, among others.

However, proximity to the City, Westminster and international airports, along with the need for adequate transport communication networks to subsidiaries, eventually decided the Board that the best course of action was to stay in London.

With that Mr Frank Bex, previously involved in managing Unilever's headquarters buildings since 1960, took on the job of full time renovation controller. Commercial aspects of this, he says, involved converting "a previously low usable area to a good average factor."

Windows

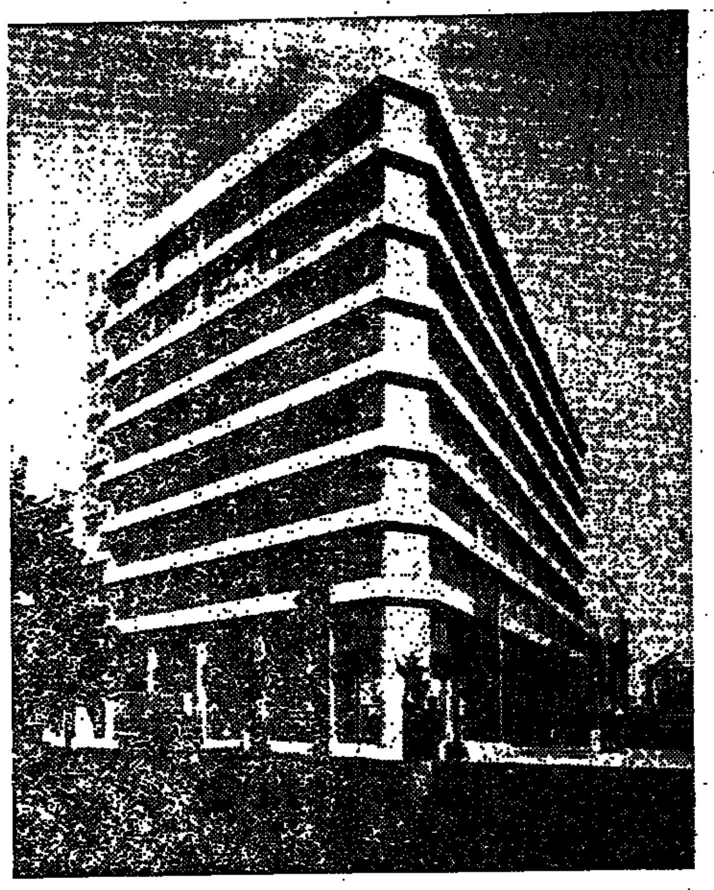
Reducing the number of blocks of lavatories from five per floor to three, punching in extra windows to improve the eighth floor and putting in 70 odd extra windows in the back wall of the building all made it capable of more intensive use.

A number of other planning considerations were involved, Mr Bex says, including improved security and the need to overcome the isolation of the original main entrance caused by the building of a new underpass on Blackfriars Embankment.

After that, says Mr Bex, it was a case of getting specifications to match the considerations and attitudes of management and staff, putting together a budget based on these specifications and—of course—getting the budget past the Board.

Design consultant Theo Crosby of Pentagram contributed both to the exterior and the interior—the latter with a theme relating closely to the original Art Deco styling. Marble, oak and glass have been used to good effect in the new entrance hall.

Mr Crosby says: "Most people nowadays take a short-sighted view of the building and the choice of materials used. It is rare to find a company with the foresight to invest in the best materials which will eventually repay the expense of the original outlay. After all," he concludes, "oak and marble were first used in Unilever House 50 years ago and they have lasted remarkably well."



Ready for occupation: the 113,000 sq ft Finsbury Court is the largest brand new building available in the area, say its agents

Finsbury Court on the market

FINSBURY COURT, just outside the City proper on the corner bounded by Ropemaker Street and Finsbury Pavement, EC2, is a brand new development—just finished, now ready for occupation and only a matter of days on the market.

The development is jointly owned via Stockham Investments by Oldham Estate and Stock Conversion; the freehold is owned by General Accident. The building comprises 113,000 of net space, of which just under 100,000 sq ft is office accommodation. It has full air conditioning, six lifts and 20 car parking spaces.

Joint letting agents Strutt and Parker and D. E. and J. Levy are looking for an annual rental of £2.45m from a single tenant, and say that they have already attracted interest, from international companies among other potential occupiers.

The proponents of Finsbury Court, not surprisingly, have a number of strong points to make in its favour. It is very close to BP's Britannic House West in Chiswell Street, they say, and adds strength to the argument for regeneration of the area.

It is, they continue, the largest building in the area which is currently available brand new—a definition which excludes Cutlers Gardens on the grounds that part of the latter involved refurbishment of older property.

The corner site, adds David Leppard, of Strutt & Parker, gives Finsbury Court very good "day lighting" and good block width, which should make it very flexible in terms of partitioning. Location, quality of building and ease of sub-division are reasons advanced for a rent which — though not quoted in terms of pounds per square foot —is clearly more than the average that "fringe" development would expect to achieve.

Sensitive

Mr Leppard acknowledges that traditional City tenants are extremely sensitive about location, and that Finsbury Court is not in the main financial area. However, other observers have noticed significant gains in "respectability" for Finsbury Square slightly further north, with names like Merrill Lynch and Antony Gibbs adding quality to the covenant.

So, north of centre or not, Finsbury Court has already attracted interest from banks, not to mention trading companies which are not necessarily associated with the City at all. "A comprehensive development to a certain extent creates its own value," Mr Leppard says.

Benefits of useful option

REFURBISHMENT, or the modernisation of existing buildings as an alternative to demolition and redevelopment, is a growth element in the property world and in the City in particular. It has become an attractive option in any combination of economic, environmental and political terms, and observers reckon that its popularity will continue.

Conservation is becoming an increasingly important part of political thinking. The City Corporation's latest report on conservation areas, says Mr Robert Evans of estate agents St Quintin, suggests that the currently conserved 14 per cent should be increased to 28 per cent, incorporating large tracts of Fleet Street, Ludgate Hill, St Bartholomew's, Bank, Finsbury Circus, Eastcheap, St Helen's Place and Middlesex Street.

The report claims that the effect on development is wholeheartedly constrictive, that many buildings within the existing conservation areas have been successfully refurbished and easily let and that more building work is in progress than elsewhere.

The mere listing of a building is for the benefit of the passer-by, rather than the occupier, of course. Mr Frank Bex, overall controller of the renovation and redevelopment of Unilever House at Blackfriars talks with some feeling about the contrasts between imposing facades and rabbit-warren interiors. It is refurbishment which brings benefits to the occupier, and even here the economics for the owner of the property are not as clear cut as they might seem.

Mike Baker of City agents Baker Harris Saunders, says: "Many owners prefer refurbishment because you don't need planning consent on this basis."

Where redevelopment is an option too, developers can be constrained by the currently acceptable plot ratio of 5:1, which means that a 20,000 sq ft site can take up to 100,000 sq ft of development. Existing buildings, built to previous standards, often have a plot ratio of 7 or 8:1.

So even if a City block is not the subject of a conservation order, it is frequently not economically viable to pull it down and start again. This, says Mr Baker, is despite the institutional investment aspect which favours new buildings to the extent that they will be sold on a yield of 5 per cent, against maybe 5½ per cent for the refurbished variety.

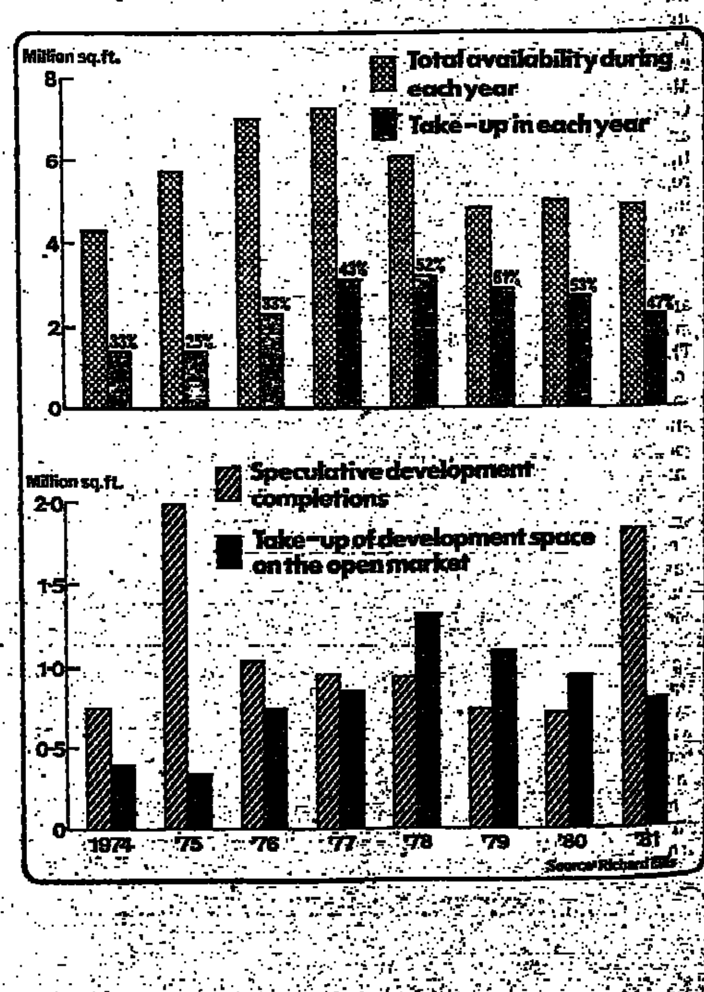
It follows that a 40,000 sq ft building let at £25 a foot for an annual rental of £1m would be worth £20m to the institutional investor new, and £2m less as a refurbishment. And, like the plot ratio, this is not the only percentage which alters in the redevelopment-refurbishment equation.

Planning aspects, say Baker Harris, only determine the gross area of the property. It is the net area which makes money—rent, and the investment values attributed to it. A new building, they say, should aim for a net to gross ratio of 80 to 82 per cent; with a refurbishment, you can lose as much as 35 per cent of the gross.

It was arithmetic like this, say observers, which in 1979 decided Lloyd's of London—the centre of the UK insurance industry and no stranger to controversy in recent years—to demolish its 1928 building and redevelop the Leadenhall Street site to an ultra-modern design.

However, decisions like this can be taken only where the redevelopment option exists. Where it does not, there are still a great number of buildings which are quickly becoming outmoded, inefficient and losing value for both the occupier and the landlord.

Of course, the tenant has the option to move out, and the landlord could just let his property deteriorate; but neither of these options seems the right way to make use of prime space.



POLITICS TODAY

The U-turn no one noticed

By Malcolm Rutherford

ONE OF the achievements of Mrs Thatcher's Government, though it may owe something to recession, has been the way that it has changed the intellectual climate.

Of course, Mrs Thatcher's election victory in 1979 was a product of a change that was already taking place and on which the Conservatives capitalised. There was a reaction against interventionism, collectivism, the power of the trade unions and probably against incomes policy.

Nearly three years later, it is remarkable how long this mood has been sustained. The Government may have had few visible successes, but there has not on the whole been a retreat to the political attitudes of the past.

Take two recent examples. It is worth contrasting the general response to the train drivers' strike with that to the collapse of Laker Airways last week. There appears to be very little sympathy for Mr Ray Buckton and the train drivers' union, Aslef, almost no demand for the Prime Minister to step in and settle the dispute over beer and sandwiches at No 10, and none at all for buying it off with a few more million pounds.

There was very little demand for shoring up Laker Airways either. It seems to be accepted that in a market economy—and the acceptance of that is a change in itself—there will be failures as well as successes. But there was a good deal of sympathy for what Sir Freddie Laker was trying to do: bring cheaper air travel to a wider section of the population. Maybe the sympathy here is with the newer technology, and trains in Britain are coming to be seen as a thing of the past: that again would be significant. The sympathy is also undoubtedly with the private sector.

The other example is the way the Social Democrats—or most of them—this week threw in their lot with the Conservatives on the general principles of the new Employment Bill. That is another major development and, not least, a tribute to Mrs Thatcher.

Yet if it is true that the Prime Minister's brand of Conservatism continues to dominate the climate of opinion, even if not all Tories realise it, there is still the question of what happens next.

In the early days of the Government there was a tendency to believe that if you looked after the money supply, everything else would look after itself. Economic growth would occur spontaneously or as Mr John Biffen, a libertarian then at the Treasury, put it: people might elect to spend more time on the golf course as a matter of conscious choice.

All that is slightly unfair to Sir Keith Joseph, the main intellectual architect of the Government's early period. Sir Keith's principal contribution to the subject, written while the Tories were in opposition, is actually called "Monetarism is not enough" and it stands up well to re-reading today. He wrote that in addition to monetarism, public expenditure should be controlled and old industry no longer subsidised.

But there was confusion when Sir Keith was Secretary of State for Industry. On the one hand, he continually defied his own principles by handing out money to those old industries he had previously condemned to the scrap-heap. On the other, anything to do with planning or public investment in the new technologies was heresy.

Looking back to the Cabinet reshuffle last autumn, it is now clear that the departure of Sir Keith from the Department of Industry was seminal. It was, if you like, the famous U-turn which many people had predicted, though not in that way, and which hardly anyone noticed when it happened.

True, Mrs Thatcher also got rid of some of the wets and Tory grandees—Sir Ian Gilmour and Lord Soames, and Lord Thorneycroft at Central Office. Yet it was a mistake at the time to see that as part of an argument between wets and dries in the Cabinet over economic policy and how much reflation was needed in the next Budget.

The significant factor is that there is now a Cabinet, some of whose key members believe in Government intervention in industry, in planning, in selectivity in promoting industrial sectors and projects—almost indeed in backing winners—and even in *dirigisme*, French or Japanese style. Their approach to the economy is that of the technocrat rather than the monetarist—much like Mrs Thatcher herself.

Mr Patrick Jenkin, who replaced Sir Keith as Industry Secretary, is the most obvious example, but there are others. Mr Norman Fowler, now at Social Services, is one; so is Mr Cecil Parkinson, now the Party chairman.

There has also been a resurgence of some senior civil servants. Sir Peter Carey, who seems to have been Permanent Under-Secretary at the Department of Industry almost for ever, is now back in the business of selecting new technologies to foster.

One of the reasons for the change was plainly the approach of the general election. Having presided over the doubling of unemployment and a severe reduction in industrial output, the Government had to find something to claim credit for. The handicap was that under the popular concept of Thatcherism it was difficult to seek praise for having maintained the National Health Service or pumped public funds into the modernisation of British Leyland in spite of the recession. Thatcherism was supposed to cut back on all fronts, except defence and law and order.

In fact the Government behaved much like any other, but did not say so. It is now trying to make a virtue of the way it continued to spend money: for example, by increasing the number of doctors and nurses, or contributing to the age of the robot.

There is another force at work which may be even more fundamental — the realisation that the recession is so deep that it is necessary to try to make a virtue of that. The steel industry, for instance, has been drastically reduced; the railways might be. Why not capitalise on the reality and seek to ensure that the economy that emerges at the end of the recession is science-based, competitive and capable of surviving reasonably well for the rest of the century?

It is more easily said than done. The Government has to live down its reputation of not wanting to look ahead and avoiding long-term projects.

There are, however, several factors on the Government's side, if it chooses to use them: for instance North Sea oil revenues. It is striking how seldom one hears calls for them to be committed to a special fund (say) for 'the regeneration of British industry. The truth is that the revenues are being spent as they come in and that future revenues are already committed as part of the normal pattern of public expenditure.

That is not necessarily bad. Without North Sea oil and gas, the British economy today would be totally different, whether one is talking about the exchange rate, import controls or practically anything else. What has happened is that the revenues have acted as a cushion during an unusually sharp recession. You could say that they go a long way towards covering the costs of unemployment benefits. They allow for a major economic transition.

In that sense, the Government and the country have been incredibly lucky. The Government has been lucky in other ways too. If the vote on the pay award at BL Cars late last year had gone the other way, the company would now almost certainly be in liquidation with incalculable political consequences. If the miners had voted in favour of strike action last month, there would now be a serious political crisis. In the end the Government scraped through, probably because the recession concentrates the mind on protecting jobs.

The Government has also been lucky in the longer perspective. It came to power at a time when some of the changes introduced by its predecessors were producing results. A large part of the electorate was no longer influenced by memories of the Second World War and grandiose ideas of Britain's role in the world. It was beginning to come to terms with Europe and the place of science and technology as promoted by the earlier expansion of university education. The process of embourgeoisification continues apace.

The rise of the SDP-Liberal Alliance owes a lot to all that. The profile of the SDP supporter is pro-Europe, pro-science and technology, pro-higher education and even, to pick up the Thatcherite term, pro-allowing management to manage. He or she probably concludes that the state of the country is not all that bad, provided that we go in for a few managerial improvements.

The question for the Government is whether it can rise to the challenge. Having spent the first three years proclaiming supposedly self-evident truths about good housekeeping, can it produce a blueprint for the future? It would not take much in terms of public expenditure: completing the roads programme, a new emphasis on higher education, a coherent energy policy including the development of the Belvoir coalfield in a way that would encourage the miners to agree to the closure of uneconomic pits.

Given the Government's past, it will be difficult to do. Yet there are distinct stirrings in the Cabinet which suggest that a change of approach may be under way. The Government's main fault so far has been an obsession with what Mrs Thatcher and Sir Keith Joseph regard as the failings of the past. It has yet to give an impression of what it thinks Britain around 1990 could or should be like.

Don't look for too much evidence of change in the Budget next month though the Chancellor is an innovator of a kind. The changes will come if they do in such areas as transport, energy and industrial policy sometime before the summer. All one can say now is that the technocrats are beginning to take over. That is not necessarily unwelcomed by the Treasury. *Dirigisme* British-style may be on the way in.

Lombard

How to revive Europe's unity

By John Cherrington

DEFENDERS of the Common Agricultural Policy claim that it is the basic cement of the unity of Europe; that it has ensured European food supplies in an uneasy world, and that it has saved the small farmers of Europe from economic disaster. This is repeated *ad nauseam* by many interested parties, from farmers to the bureaucrats and members of the Commission itself, all of whom to some degree are drawing sustenance from this sacred cow.

Far from being an inspiration for unity it is a potential catalyst for the dismemberment of what unity Europe enjoys. The present quarrel between Britain and the other nine members is almost entirely due to the need for a budget large enough to pay the costs of the CAP which takes between 60 and 70 per cent of the total. Britain unfortunately does not have a large enough farming sector to benefit from the CAP, and under the present formula will always be a substantial contributor unless rebated.

Were it not for the CAP in its present form the amounts needed would not be so large, and this particular cause of friction could be attenuated if not completely removed.

Great bitterness is being generated among member states by what are called national aids. These comprise a whole kaleidoscope of means by which governments look after their own farmers. All countries are guilty to an extent. The French are the most open offenders with a whole series of measures which vary from subsidised interest rates to straight cash payments. They also tolerate such illegal activities as interfering with competing imports and even stopping certain imports altogether.

The Dutch by keeping down the cost of fuel to their horticulturalists are giving them an unfair advantage. But the British have joined in the game by using certain hygiene and disease regulations to prevent importation of milk and poultry products. These are examples of an accelerating trend. No member country appears to be prepared to see a section of its farmers go to the wall in the interests of European unity whatever the rules on free competition laid down in the Rome Treaty.

The anger aroused by these activities causes great resentment which is as divisive as an outright attack on European Union would be.

Apologists for the CAP point to the food shortages worldwide compared with the plenty in the Community as being its one great advantage. This is a fallacious argument. Shortages are occurring in the Communist block, but mainly because of the basic agricultural inefficiency of many Communist regimes. There are no shortages, rather the reverse, in the U.S. and many other free world countries, where incidentally price levels are well below those ruling in the CAP.

In this connection some of the statements of the pro-marketeers deserve close examination. Sir Fred Catherwood in a recent letter to this paper stated that the butter mountain had now dwindled to no more than two days' supply. The cost of shrinking the surplus to this level, which in any case is understated because the figure refers only to butter in public stores, amounted in 1981 to ECUs 3,653m or £2,223m—£90 for every cow in the Community herd.

Any benefits which the very small peasant farmer has gained from the CAP have been purely coincidental. About half of them left the land, being drawn into industry by the economic prosperity which ended with the first oil price rise. Ninety per cent of land reforms have been due to national policies carried out with national funds. Only farmers with sufficient acreage to become economically viable have benefited from CAP prices; the larger they are the more they have benefited.

Overall, national interests are bound to gain strength in European agriculture particularly with the admission of Spain. Would it not be better to recognise this and allow the CAP as it works at present to wither away? Without it there would be little left to quarrel about.

Letters to the Editor

Alternatives for customers crossing the Channel

From Mr A. Gueterbock

Sir,—Mr Shovelton (February 9), director general of the General Council of British Shipping, states that the Dover Harbour Board has the capacity to use better and more efficient ferries and improve load factors to such an extent that it can cope with the forecast traffic for many years to come, at considerably reduced fares in real terms.

The same argument was used by the cross-channel sea ferry operations when the Channel tunnel scheme was abandoned in 1974. The new generation of ships would be larger, more efficient and, therefore, provide a better standard of service at a cheaper fare. What has happened? Overall, fares have increased by more than inflation. Although, as would be expected, travelling mid-week in the winter is a bargain, travelling during the peak summer season is extremely expensive. Competition between the ferries is, at present, responsible for the fare structure and very low load factors. The construction of a rail operated Channel tunnel will add further competition and thus prevent fares rising as much as they have done in the past.

Mr Shovelton also claims that the ferries provide around-the-clock services, carrying all kinds of traffic including the largest lorries allowed on British roads. "No tunnel," he says, "could do this."

I regret having to disappoint Mr Shovelton, but a Channel tunnel with roll-on roll-off facilities for road vehicles, is not only capable of providing an around-the-clock, all-weather service, but, with the exception of vehicles in the category of *double-decker buses, large furniture pantechnicons* and special heavy duty transporters, will accommodate all standard commercial vehicles allowed on British roads.

As to whether we are prepared to "put our money where our mouth is" we would not be promoting our three-phase, seven-metre diameter, bored tunnel, unless we were confident that we could raise the required private capital in accordance with the Government guide-lines. The only guarantee we would require from the Government would be of a political nature.

Whereas the sea-ferry services on the short sea routes will be able to co-exist alongside our proposal for a Channel tunnel, it will introduce the element of alternative choice for customers which the sea-ferry operators, it would appear, seek to deny them.

A. F. Gueterbock.
Channel Tunnel Developments (1981),
27, Hammersmith Grove, W6

The railways' stress symptom

From the General Manager, British Rail (Southern)

Sir,—Lynton McClain's article "Southern—A System Under Stress" (February 4) begs more questions than can be answered in a single letter, but to say that the Southern Region Management is "faltering" is not an impression I have formed in my short time as General Manager. It was not shared either by the Monopolies and Mergers Commission who investigated British Rail's London and South East services very thoroughly, commenting in their report that overall "we were impressed by the Management we met at all levels" who were "totally dedicated."

To pick up one point; the article talks of shortage of information available to passengers. The Region broadcasts live up-to-the-minute reports on its services throughout the morning and evening peaks on certain local radio stations and supplies information to others. There is sometimes a problem at station level and in the past few weeks we have carried out a campaign to underline to our staff the importance of keeping the passenger in the picture.

On the same page, there appeared another article about the Southern Region. This time by Raymond Snoddy. Without wishing to go over ground well covered by others, I would like to respond to the statement that "many railwaymen believe their entire life style is under threat" from variable rostering. This is simply not the case. Variable rostering will allow more rest days and enable staff to group days off to give longer breaks from duty. This will be accompanied by a determined effort by management to reduce the incidence of signing on or off duty between midnight and 05.00. The facility to exchange shifts will still exist. Local negotiations would precede the introduction of this form of rostering so that any objections can be thoroughly discussed and any fears dispelled.

Improvement in productivity is the key to the future of railways in Britain. Contrary to the views expressed by some, there exists a very sincere desire by the Railways Board to keep up the momentum of improvement to working conditions and pay levels for all its workforce.

D. D. Kirby.
Waterloo Station, SE1

The multi-fibre arrangement

From the Chairman, British Clothing Industry Association

Sir,—The UK textiles and clothing industries have estimated that tens of thousands of jobs are at risk because of what we see as an arbitrary decision to base quotas under MFA 3 (which will run from 1983 to 1986) on 1982 quotas. These were agreed back in 1977 and bear no relation to current trading patterns. The difference between 1980, trade levels (the last year for which figures are available) and 1982 quotas is some 55,000 tonnes of textile and clothing products, the equivalent of the annual output of some 30,000 people in the UK industry.

The EEC tells us that it would be contrary to its legal obligations to negotiate quotas on the basis of the most recent trade figures, although this was done when MFA 2 was negotiated and quotas were based on 1976 trade levels. Viscount Davignon, EEC Commissioner for Industry, maintains that we have granted access for 1982 under MFA 2 and that despite the enormous headroom between this permitted access and what is actually being shipped, there can be no new start. The UK Government has conceded this point.

The U.S. Administration, however, also about to commence MFA bilateral negotiations with its supplying countries, is stating quite categorically that when it announced in Geneva that it would not be seeking cutbacks, it meant cutbacks in actual trade levels and that it, by no means, excluded the possibility of negotiating quotas for 1983 lower than 1982 quota levels and more in line with actual trade levels.

Peter Murphy, President Reagan's chief textile negotiator, is reported as saying: "If the quota is under-utilised, we don't feel obligated to negotiate on the base of the prior quota . . ." If the U.S. can take this line, why cannot the EEC do the same?

N. F. Sussman.
14-16, Cockspur Street, SW1.

Leyland and Bathgate decisions

From the Executive Vice-Chairman BL, and the Chairman Leyland Group

Sir,—Your article of February 11 concerning the three-week-old strike at Leyland and Bathgate was generally fair but contained one major inaccuracy.

Your reporter stated that Sir Michael Edwardes, at his meeting with north-west MPs earlier this week, had "apparently set no fixed deadline for a solution. . . . According to union representatives Sir Michael had not mentioned this as a threat but as a commercial fact." I must point out that the union representatives were not present at the meeting.

It is true that no threat was issued but equally Sir Michael said it was a commercial fact that Leyland Vehicles could not withstand a long strike.

Following a meeting of the BL Board on Wednesday I can say that because of the enormous losses being sustained the future of the Bathgate and Leyland plants must be decided within the next week.

The employees will decide for themselves when they vote at mass meetings next week whether to press ahead with the recovery of the business or whether we should move out of the truck business.

D. R. G. Andrews,
BL.
35-38, Portman Square, W1.

A grass roots initiative

From the National Branch Organiser, The Freedom Association.

Sir,—John Lloyd's informative and balanced article on the Walsall dinner ladies "I just got stubborn. . . ." (January 29) contains two errors which may interest both him and your readers.

Firstly Ross McWhirter did not contact the dinner ladies. He is dead. It is his twin Norris who is the deputy chairman of our association.

Also the initial backing for the women came from our West Midlands branch not our head office. Councillor Mrs Vera Jones, our branch chairman, determined to raise the necessary money for the Industrial Tribunal hearing. Subsequently the association ran an appeal in its journal which raised £1,400.

The Walsall case was a grass roots initiative.

Gerald Hartup.
The Freedom Association,
Avon House,
360-366 Oxford Street, W1.

Dowty Group down to £15.7m at interim stage

INDUSTRIAL ACTION extending over several months and culminating in a strike at the largest of its aerospace and defence companies, contributed to lower pre-tax profits at **Dowty Group** in the half year to September 30 1981.

The figures show a fall from £19.05m to £15.7m in pre-tax profits but turnover moved ahead from £160.27m to £161.2m.

The interim dividend is effectively raised from 1.47p to 1.55p—last year's total was an adjusted 3.33p.

Sir Robert Hunt, the chairman of this holding company which is divided into three divisions, aerospace and defence, mining, and industrial and electronics, says that sales, while higher than in the second half of last year, are similar to those of the first half with an increase in export and overseas, accompanied by a corresponding reduction at home.

Margins in the aerospace and electronics divisions were not expected to meet last year's levels but are significantly lower than planned for a variety of reasons, he says.

Both divisions are investing heavily in new product development and the production facilities needed to meet increasing competition and to maintain the company's technological lead. He says the new business thus generated is taking longer than expected to reach acceptable levels of profit. In addition, there has been a reduction in demand by the Ministry of Defence and from commercial customers overseas for products already in production.

The effect on profits of these programme changes would have been less significant had it not been for the industrial action mentioned earlier. In order to meet customers' requirements during this disturbance, turnover was maintained at a reasonable level but at the expense of margins.

He says the mining and industrial divisions have done well to improve their margins over the year. Business with the National Coal Board has remained at a low and static level but overseas orders for mining machinery, particularly in the U.S., have held up well.

The half-year pre-tax figure was struck after associates earnings of £75,000 (£54,000) and interest of £715,000 (£87,000). After tax of £4.6m (£4.94m) attributable profits were down from £14.11m to £11.1m. Dividends absorb £3.14m (£2.97m), leaving retained profits at £7.96m (£11.15m). Stated earnings per 50p share were 5.5p (7p) on increased capital.

Of the turnover figure, overseas and exports accounted for £79.33m (£73.96m). Sales and trading profits by division were: aerospace and defence £75.07m (£61.34m) and £9.89m (£10.72m); mining £56.7m (£69.34m) and £4.66m (£5.65m); industrial £16.79m (£17.14m) and £1.33m (£1.13m); electronics £12.64m (£12.45m) and £604,000 (£1.41m).

See Lex

HIGHLIGHTS

On a busy day for company news Lex studies the latest figures from **Imperial Group**. Profits for the year are £20m lower at £106m and the group is taking a long hard look at some of its activities. The column then moves on to consider the interim statement from engineering giant **Dowty** which is being hard hit by the fierce competition in the aerospace market. Profits, which are down from £19.1m to £15.7m, failed to show their usual resilience and the market price eased 8p to 116p. Meanwhile **Lonrho** found time to put out its full-year figures in between discussing the future of air travel with Sir Freddie Laker. Pre-tax profits from the group are marginally up at £120.6m, though at the attributable level there is a setback. Finally Lex looks briefly at the prospectus from the Government's offer for sale of **Amersham International**, the radioactive materials manufacturing company.

Weber Holdings advances to £181,368

TAXABLE PROFITS of **Weber Holdings**, investment property holding concern, finished 1981 at £181,368, compared with £1[illegible]0,525, after advancing marginally from £84,175 to £86,952 by the interim stage.

Although the directors expected to pay a net total dividend similar to last year's 17p they are, in fact, stepping up the payment by 3p to 20p per 50p share with a same-again final of 15p.

Tax for the year took £84,715 (£74,649) leaving a net surplus at £96,653, against £85,876.

American Oil Field Systems

IN ITS first year of operation **American Oil Field Systems** reports pre-tax profits of £613,083 for the year from September 8 1980 to September 30 1981.

The directors are recommending a first and final dividend of 1.25p per share. Stated earnings per share were 2.33p.

The company reports that independent petroleum consultants have assessed the oil and gas reserves in which the company has interests. Based on their report the directors calculate that future net revenue from reserves should amount to $92.7m undiscounted and to $46.5m discounted at 10 per cent per annum.

Strong second-half pick-up by Imps

THE PERFORMANCE of **Imperial Group** in the second half of the year to October 31 1981 has been better than expected. At midway similar pre-tax profits to those for the same period last year were forecast. In the event, however, they show a £20.1m increase at £76.3m.

This still leaves the full-year result some £20.9m lower at £106.02m but the directors report that the first quarter of the current year, has shown a significant improvement in trading performance over the corresponding period, albeit that last year's first quarter was abnormally depressed.

Group sales for the year under review expanded from £3.93bn to £4.53bn and, after depreciation of £77.3m against £54.63m, trading profits rose by £5.9m to £147.2m. This increase included an advance of £9m to £20.5m in the surplus of the Howard Johnson division, reflecting a full year's ownership as against a part year in 1980.

Substantially improved second-half trading performances were common to all the group's divisions. Excluding Howard Johnson, which was not owned for the whole of the corresponding second half, the rise in second-half trading profits amounted to 37 per cent.

An analysis of sales and trading profits between first and second halves shows tobacco £1.09bn (£1.02bn) and £26.1m (£49.6m)—£1.16bn (£1.03bn) and £37.5m (£30.8m); paper, board and plastics £32m (£45.1m) and £0.2m loss (nil) — £29.9m (£41.9m) and £0.3m profit (£3.3m loss); food £574m (£569.4m) and £2.1m (£5.4m)—£698.1m (£602.6m) and £10.2m (£4.9m): brewery £300.2m (£258.1m) and £23.1m (£19.6m)—£340.3m (£281.8m) and £27.6m (£22.8m); Howard Johnson (from June 17 1980) £132.7m (nil) and £2.4m (nil)—£197.7m (£107.5m) and £18.1m (£11.5m).

A breakdown of overseas sales and trading profits for the year as a whole discloses: Continental Europe £104.2m (£111.8m) and £2.4m (£1.2m); U.S. £693.1m (£391.5m) and £14.1m (£16.5m); Canada £3.3m (£2.8m) and £0.2m (same); other countries £20.7m (same) and £1.6m (£1.5m).

DIVIDEND TABLE IS ON PAGE 22

Reviewing the year's trading the directors report that the two main reasons for the decline in tobacco profits from £80.4m to £63.6m were a sharp fall in UK cigarette consumption and promotional costs in highly competitive conditions.

The food division achieved record profits from its non-poultry interests in 1981, with a marked recovery from the previous year's setback. In addition, the egg business returned to the black after the severe losses of the last two years.

Nevertheless, these satisfactory trading conditions were largely offset by an increased loss in the poultry meat business. The division benefited from better productivity and cost cutting. It also withdrew fro msectors for which no profitable long-term future was foreseen and sold some businesses.

In aggregate, food division profits rose from £10.3m to £12.3m.

The trading surplus of the brewery division increased by 20 per cent to £50.7m. This included an advance in the surplus on sales of licensed properties of £1.7m.

Group stated earnings per share before tax for the 12 months fell from 17.7p to 14.8p and after tax, which was substantially lower at £14.26m (£46.06m), they advanced from 11.3 to 12.8. The final dividend is held at 4.5p net maintaining the total payment of 7.25p at a cost of £51.8m.

The share of associates profits, at £3.25m (£5.01m), was lower principally because last year included a £1.6m contribution from the group's 50 per cent stake in Mardon Packaging International up to the date of the sale of that interest to BAT Industries.

Any separate analyses of the movements between 1980 and 1981 in investment income, down £11.8m at £21.75m, and interest charges, up £13.2m at £66.2m reflecting higher average borrowing rates and eurodollar interest rates, are complicated by the impact of funding the purchase of Howard Johnson.

Initially the purchase consideration was satisfied partially by the proceeds of the sale earlier in 1980 of British government securities and partially by eurodollar borrowings. During 1981, all the latter were repaid, following the sale of the remaining gilts. However, the combined movement in investment income and interest charges of £25m can be largely attributed to the full year's ownership of Howard Johnson.

Minority profits for the year totalled £288,000 (£276,000) and there were extraordinary debits of £34.9m (£13.3m credits). Provisions for losses already, or anticipated to be, incurred on rationalisation, closure or disposal of businesses amounted to £38.8m (£36.3m). Nevertheless, benefits from this action will be reflected in future performance, the directors state.

The sale of the group's 23.5 per cent stake in Molins realised £9.7m, on which tax of £2m is payable. These shares originally cost £1.1m, but were included at an uplifted book value of £15.4m at the date of disposal.

The foregoing items were offset by profits from the sale of investments, mainly gilts, of £6m and property sales of £5.2m.

After minorities and extraordinary items the attributable balance came through at £56.6m compared with £93.9m.

On a CCA basis, pre-tax profits are shown at £66m (£83m) and there is an attributable loss of £5m (£27m).

At the year end, shareholders' funds stood at £796m (£737.1m).

See Lex

Lonrho £7m lower at attributable level

ALTHOUGH pre-tax profits of **Lonrho**, the multi-national conglomerate, were ahead at £160.6m compared with £119.1m, attributable profits were down from £45m to £38.1m in the year to September 31, 1981.

The pre-tax figure includes profits from associates of £30.3m (£31.7m), while £7.9m was attributable to the minority interest in Princess Properties International, which, since December 2 1981, has been wholly-owned.

Attributable profits were before extraordinary debits of £11m (£8.5m), which include £21.5m in respect of the partial closure of the Hadfields steel manufacturing facilities.

Commenting on the partial closure, Mr Tiny Rowlands, the chief executive, says Hadfields' operations were curtailed after carrying prolonged and heavy trading and extraordinary losses amounting to £26m. This has significantly reduced group net profit after tax, but he says this independent steelmaker is now profitable.

Group turnover rose from £2.1bn to £2.46bn, and this includes associate turnover of £468.4m (£355.7m). There was a higher tax charge of £54.4m compared with £49.6m. The total net dividend is 9p (10p including a special payment of 1p). A first interim of 1p in respect of the year ending September 30 1982 is also being paid. Stated earnings per share are down from 19.4p to 14.6p, but net asset value per share has improved from 171p to 186p.

Mr Rowland, in a lengthy statement, says that the continuing policy of Lonrho is to build the widest geographical spread of active subsidiaries thereby balancing and protecting the interests of the shareholder. He says the balance sheet is healthy and assets employed have increased by 23 per cent to £1.05bn.

Total net borrowings, excluding those relating to the confirming business, have remained at 34 per cent of total assets employed, which is the same as the previous year. At year-end, cash balances were £136m, and net current assets stood at £143m.

During the year, the group made three major acquisitions. In July, it bought 50 per cent of Kühne and Nagel, a cargo, warehousing and forwarding business; towards the close of the year The Observer Sunday newspaper was purchased, and it bought out its partner in Princess Properties International, Mr D. K. Ludwig of New York.

He says Kuhne and Nagel is both profitable and rich in potential, taking Lonrho into 20 countries where it had not been previously represented. John Holt Shipping Services, another warehousing and cargo subsidiary in Nigeria, achieved a record profit increase of 300 per cent.

The Observer is, he says, a valuable addition to the group's newspaper interests, which are extensive in Scotland. The previous owner of The Observer, Atlantic Richfield of California, now has a 20 per cent interest in Outrams.

During the year a new Sunday newspaper was launched in Scotland, but Mr Rowland says the profitability of the newspaper industry has been badly affected by increased newsprint costs and reduced advertising revenues, and Outrams has suffered accordingly.

The wholly-owned subsidiary, Harrisons, printer of postage stamps, has a new five-year contract with the Post Office.

Discussing the group's mining activities, he says metal prices were weaker but higher output helped to offset some of the effect on profit. Group gold production was increased to 382,000 ounces. A new gold mine was established at Klipwal which will increase total gold production still further next year.

Lonrho's collieries increased sales by 14 per cent to record levels of 3m tonnes of bituminous coal and 602,000 tonnes of anthracite. Construction work on a new anthracite mine has made good progress and output of 600,000 tonnes is projected.

The strong price of sugar during the early part of the year and an increase in overall production to over 400,000 tonnes from 65,000 acres, helped agriculture and ranching to contribute record profits.

Both the group's sugar mills in Malawi and the factory in Swaziland were working at full capacity. Success was achieved by its operations in irrigated sugar cane in Africa, and consultancy contracts have been offered to the group in several new areas, including Brazil.

Tea estates were affected in Malawi by poor weather and the final harvest was the lowest for some years at 4m kilos.

Switching to the hotels division, Mr Rowland says the newly-acquired Princess group is pursuing opportunities for worldwide expansion. The new tower addition to the Acapulco Princess will be completed and operational by late summer

See Lex

Share offers planned by Renaissance

Renaissance Resources, a Canadian oil and gas company with assets of about C$36m, is seeking a Toronto Stock Exchange listing and plans a London dealing facility under Stock Exchange rule 163 (1) (e).

The company, founded in 1974 and in which Royal Bank of Canada has an 8.3 per cent stake, also intends to make share offers for six of 10 of its joint drilling programmes next month. If successful, the total asset base would rise to over $50m, after discounting future cash flow by 20 per cent.

During 1981, Renaissance participated in 152 wells of which 70 were in Canada and 82 in the U.S. Success rate was 60 per cent. Primary Canadian activity areas are in the shallow basin areas of Alberta, British Columbia and Saskatchewan. In the U.S., the group is active in Oklahoma, Northern Louisiana, Wyoming and southern Montana.

Renaissance is trying to secure new financing in excess of C$25m this year and discussions are being held with companies in Canada and one in the UK.

Mr R. G. Greene, president, holds 28.8 per cent of the equity, the Royal Bank 8.3 per cent and Talcorp, a quoted Canadian company, 5.4 per cent.

Brokers to Renaissance are Burns Fry.

Amersham share offer at 142p

ALL THE 50m ordinary shares of Amersham International, the Government - owned company which develops and sells radioactive substances, are to be offered at 142p each, which will capitalise the company at £71m.

The details of the prospectus, which will be available on Monday, show that the Government will raise £63.7m by selling 44.86m shares in the company. Amersham will receive £5m from the remaining shares, after the payment of expenses and certain loans to the Government.

Dr John S. Burgess, group managing director, said yesterday that Amersham was a "natural candidate" to go public. "We are a high technology group operating on the frontier of a growing field," he said.

Amersham's pre-tax profits have been stagnant for the last two years at around £4m. Sales last year were £48.5m. The company said yesterday that taxable profits for the six months to September 1981 were £3.86m and for the full year, not less than £8.3m are forecast.

Dr Burgess said that profits had previously been affected by the strength of sterling. The group buys most of its materials in the UK and exports more than 80 per cent of its output. In addition to sterling's recent weakness, he said the group continues to make progress in its various markets abroad.

The directors of Amersham expect to pay a dividend of 3.5p net for the year ended March 1982.

In addition to the ordinary 25p shares, one special rights preference share of £1 is to be retained by the Secretary of State for Energy. This mechanism is designed to protect the status of Amersham as an independent company.

It is the Government's intention that no one party hold more than 15 per cent of the company. If such a holding were acquired, the shares exceeding 15 per cent would be disenfranchised and subsequently sold. This special share confers no general right to vote at meetings of shareholders and is redeemable at par at the Government's option in March 1988.

Five per cent of Amersham's issued ordinary capital, following the offer for sale, is reserved for employees. A maximum of 272,125 shares will be offered free to employees and each will have the option to buy a further £200 worth of shares on a one-for-one basis. Amersham has approximately 1,500 employees in the UK.

The company's net tangible assets are shown at £34.8m. The issue is fully underwritten. The application list will open on Thursday, February 18. Brokers to the issue are Cazenove.

The company's bankers are Morgan Grenfell, while N. M. Rothschild is advising the Government.

Luxembourg listing for ESI London

ESI London, a distributor of defence technology products manufactured by its U.S. parent company, International Signal and Control Corporation, has obtained a listing on the Luxembourg Stock Exchange.

ESI is a UK company which began substantial trading in July 1980 when it arranged an agreement to market ISC's products exclusively in the Nato Europe area and now exclusively outside North America.

A private share placing by Rowe Rudd was followed in February 1981 by a rights issue, bringing the minority interest to 40 per cent.

The company then said it was considering seeking a quotation on the Unlisted Securities Market but found it did not qualify because it lacked a three-year record. While arranging a Luxembourg listing last autumn, the group made a further rights issue and capital reorganisation, resulting in a reduction of ISC's stake to 50.2 per cent and a total of 12.5m 25p shares in issue.

ESI had profits before tax of £818,000 on turnover of £6.3m in the eight months to March 1981. In the first half of the current year, profits were £1.2m on sales of £5.57m, and the directors forecast a total dividend of 2.1p for the year.

Mr Tony Rudd has been replaced as chairman by Mr James Guerin, chairman of ISC. Jacobson Townsley have been appointed brokers to the company. Dealings begin on February 15.

Wm. Jackson expects better second half

The directors of **William Jackson and Son** say the bakery division is in a loss-making position but that considerable and urgent reorganisation in the division is envisaged in an attempt to rectify the situation.

They add that this remedial action and the continuing strong performance of the retail sector should lead to improved profits in the second six months.

As reported on February 10 the company returned pre-tax profits of £403,000 for the first half of the year to October 24 (£1.06m).

The company carries on business as a baker, confectioner, meat processor and supermarket operator. Its ordinary and restricted voting shares are unquoted.

Norfolk Capital shows deficit of £29,428

A DIVE into the red is shown by **Norfolk Capital Group** for the year to September 30 1981. There was a pre-tax deficit of £29,428, compared with a previous surplus of £337,006. At half time this hotelier showed pre-tax losses of £197,382.

Turnover for the year was also lower, falling from £9.15m to £8.34m.

A final dividend of 0.5p has been declared, the interim having been missed. In the last full year a total of 1.2p was paid. Earnings per share have fallen from 1.26p to 0.15p.

The directors say they have considerable confidence in the long-term future of the group and have decided to recommend a final despite the trading results.

There is severe price competition in the hotel industry, they say, and add that a further reduction in overheads at the company's hotels will impair services offered to visitors.

To achieve further economies the provincial office at Bath was merged with the London office. This caused additional costs, but the directors say these will be more than offset by savings in administration overheads. Full provision has been made in the accounts.

Extraordinary debits have been shown for redundancy costs of £29,993 plus estimated further expenditure of £160,007. The provision includes £45,500 paid to a former director

Net asset value has been reduced to 45.1p, against 69.6p last time. The directors considered that a further revaluation of fixed assets should be undertaken in order to give a fair representation in the balance sheet. This has resulted in the reduction in the net asset value.

However, the directors emphasise that the market is depressed for certain of the hotels and in due course there should be a recovery from these levels.

A CCA pre-tax loss was stated of £2,079.

● comment

Sir Maxwell Joseph indicated a couple of weeks ago that he was taking a much closer interest in the fortunes of lacklustre Norfolk Capital and the shares promptly jumped 12p to 36p, before easing slightly this week. Yesterdays figures suggest there is much to keep Sir Max occupied. Profits were down nearly 60 per cent in the second half and the value of the group's 14 remaining hotels has once again been significantly lowered. Bank borrowings have come down to under £4m since the disposal of the Royal Hotel in Bristol and other properties but will rise again this year as the refurbishment programme gathers momentum. At 32p, down 2p yesterday, the shares appear to discount a lot more than the current year's likely recovery. The yield on the reduced dividend is only 2¼ per cent although the net asset value of 45p provides some support.

BELOIT WALMSLEY

Record sales of £40m have been achieved by **Beloit Walmsley**, the Lancashire paper machinery manufacturer, in the past 12 months. Ninety per cent of the equipment went for export.

Mr Alfred Pettengell, managing director, said that the encouraging results have strengthened the company's work base.

The continuing policy of Lonrho is to build the widest geographical spread of active subsidiaries

R.W. Rowland, Chief Executive

Dear Shareholder,

The continuing policy of Lonrho is to build the widest geographical spread of active subsidiaries, thereby balancing and protecting the interests of the shareholder who has chosen to invest through the Company. Over the last twenty-one years this has brought a thirty-fivefold increase in earnings per share, substantially outpacing inflation.

The balance sheet is healthy and assets employed in the Group have increased by 23 per cent. to £1,045 million.

Total net borrowings, excluding those relating to our confirming business, have remained at 34 per cent. of total assets employed, which is the same as last year. At the year end cash balances were £136 million. Net current assets stood at £143 million. With acquisitions and the growth of existing businesses, we are now employing 150,000 people. Group turnover was £2,500 million, and profit before tax £121 million.

THE OBSERVER

We have made three major purchases since my last Review. In July we bought 50% of Kühne & Nagel, one of the world's biggest cargo, warehousing and forwarding businesses. Towards the close of the year "The Observer", a Sunday newspaper published in London, was acquired by our publishing subsidiary, George Outram and Co., from Atlantic Richfield of California. We also bought out our partner in Princess Properties International, Mr. D. K. Ludwig of New York, and now wholly own the finest resort hotel in the world, the Acapulco Princess, and its sister hotels.

For the first time we have had to bow to the recession of the economy in Britain and curtail operations at the wholly owned steel making subsidiary, Hadfields, after carrying prolonged and heavy trading and extraordinary losses amounting to £26 million. This has, of course, significantly reduced the net profit after tax in the current year, but you will be glad to read later in this Review that Hadfields continues in business as Britain's only independent steel maker to the drop-forging industry, and is now profitable.

Shareholders will have been puzzled at the decision by the Monopolies and Mergers Commission not to recommend that Lonrho's bid for the House of Fraser be allowed to proceed normally. The Commission decided that the bid was, on the whole, not in the public interest, although by a previous decision in 1979 they cleared the way for Lonrho to build up a 30% bid stake in the equity of House of Fraser. On the other hand, the national Press and the financial Press are unanimous in saying that the Report does not present an adequate argument against our making a bid, and that the House of Fraser shareholders should be allowed to take the decision themselves. We are moving to resolve the stated objections of the Commissioners.

Mining

Metal prices were weaker during the year but higher output helped to offset some of the effect on profits. Total Group gold production was increased to 332,000 ounces. A new gold mine was established at Klipwal which will increase our total gold production still further next year.

The Princess Tower, Bahamas

Good progress has been made with construction work at Eastern Gold Holdings, a major new gold mine in partnership with the Anglo American Corporation. A subsidiary holds a 36% interest in this important venture. Production plans have now been revised upwards to an eventual 390,000 ounces of gold annually.

Last year I referred to plans to exploit a second higher-grade platinum reef. Construction of the new plant for treating this ore is nearing completion and a large increase in production of platinum group metals above the current level of 134,000 ounces is consequently expected from March 1982. Arrangements for refining and selling the additional platinum group metals are largely complete.

Our collieries increased sales by 14% to new record levels of 3 million tonnes of bituminous coal and 602,000 tonnes of anthracite. Construction work on our new anthracite mine has made good progress and output of 600,000 tonnes is projected.

We continue to search for new mining properties. Prospecting has been directed toward precious metals, coal, diamonds and industrial minerals.

Agriculture and Ranching

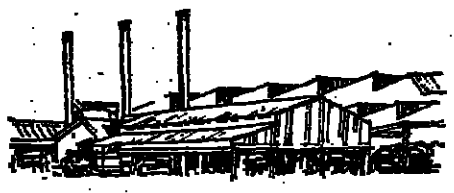
Due to the strong price of sugar during the early part of the year and an increase in overall production to over 400,000 tonnes from 65,000 acres, the contribution to profits was substantially ahead of last year and an all-time record.

Both our sugar mills in Malaŵi and the large factory in Swaziland were working at full capacity. The new sugar project in Benin, in which we have an equity interest and for which we have the management contract, is well advanced and the factory is now being built. We also own three sugar mills in Mauritius.

The success achieved by our operations in irrigated sugar cane in Africa, and especially in the recent Kenana and Dwangwa projects, is becoming appreciated worldwide and consultancy contracts have been offered to us in several new areas including Brazil.

In Zambia we have one of the largest farming companies in the country, which this year grew and sold many thousands of tons of maize, potatoes, wheat and onions, as well as selling cattle and pigs, and supplying some 7 million eggs for the Lusaka market.

In Kenya we have a fully integrated agricultural operation stemming from wattle and its derivatives of tanning extract, charcoal and wood preservative, together with extensive arable farming and ranching activities. All organic waste, straw, feedlot manure and waste wood are utilised in a successful mushroom farm producing 500 tonnes per annum and calling for advanced biological techniques, including spawn production.



The Sucoma Sugar Mill, Malaŵi

In Zimbabwe we grow coffee, wattle and pines, and run several large herds of beef cattle. The Group's total herd averages 100,000 head, with sales of 20,000 a year.

The Group's tea estates in Malaŵi were affected by poor weather conditions and the final harvest was the lowest for some years at 4 million kilos.

Hotels

1981 represented another excellent year for Princess Properties International, of which Lonrho now owns 100%, having recently acquired the remaining 50% interest.

The Princess Group is pursuing opportunities for worldwide expansion and taking advantage of the excellent reputation it enjoys in the tourist industry.

The new tower addition to the Acapulco Princess will be completed and operational by the late summer of 1982. Additional land has been purchased in Mexico City to complete the hotel and office block site on the magnificent Paseo de la Reforma, and it will represent the most valuable construction site in Mexico.

In the United Kingdom, another poor tourist year has affected the results of our hotels. The modern Birmingham Metropole Hotel achieved a higher profit than forecast, and gained a new record of over six hundred conferences and exhibitions. We are still the foremost Conference and Exhibition Hotel Group in the country, and the continued improvements carried out by our wholly owned builders, Fassnidge Son & Norris, will help to ensure that we retain that position.

The Casino division has grown in the past year under strict management supervision and, when all improvements have been completed, should contribute significantly to your Group's profits.

Motors

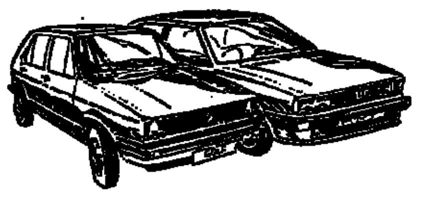
As importer for Volkswagen/Audi motor vehicles, our subsidiary V.A.G (United Kingdom) had a successful year and has surpassed previous figures. It has been a year in which they achieved the highest-ever vehicle sales figure of 83,330 units. With a 5·5% share of the U.K. car market, it became the leading importer of European cars. We are confident that this trend will continue through 1982.

We also own numerous motor retailing outlets in the United Kingdom through which we sold 20,000 vehicles during the year and increased our share of the British Leyland car market to 5·6%.

We are sole distributors in Britain of Deutz tractors, Fahr agricultural machinery and Taarup mowers, which are proving to be most successful.

Jack Barclay, the world's largest distributor of Rolls-Royce and Bentley motor cars, once again made a significant contribution to the results of our motor retailing division. The new Rolls-Royce Silver Spirit, introduced last year, has been well received.

Jack Barclay European has just completed a full year as Volkswagen/Audi dealers. It has made an encouraging contribution to their main business of servicing their customers' Rolls-Royce and Bentley motor cars.

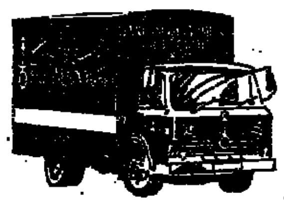


The Volkswagen Golf and Audi Coupe

In East and Central Africa, our motor division suffered from a severe curtailment of import permits due to lack of foreign exchange. In Nigeria we had record sales of 77,500 Yamaha motorcycles and we continued to distribute Mercedes commercial vehicles and Volkswagen motor cars. Overall we sold 216,315 motor vehicles throughout the Group.

Clearing, Forwarding, Warehousing and Cargo

As an international trading company we clear, forward and warehouse on our own behalf. The acquisition of a 50% interest in Kühne & Nagel gives us international capability, with very valuable overseas connections and traditions.



Kühne & Nagel Freight

Kühne & Nagel is both profitable and rich in potential, taking Lonrho into 20 countries where we had previously not been represented. They have 300 offices worldwide, and almost a century of experience.

John Holt Shipping Services, the leading air cargo handling agents in Nigeria, achieved a record profit increase of 300%.

Aircraft

Our Beechcraft dealership in Africa had a very good year selling 111 aircraft.

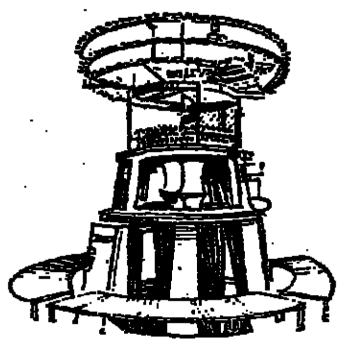
Beechcraft aircraft

During the year we secured from Gates a franchise for Learjet. The Group owns or leases a total of 30 aircraft, including a Gulfstream II and 3 Boeing 707's.

Textiles

Despite the depressed condition of the textile industry, Lonrho Textiles has managed to hold its market position and the "Accord" range is now firmly established as a major brand of co-ordinated bed linen. The Brentfords chain of shops, which aims at a mass market, was expanded during the financial year and by the year-end 56 shops were open, with three more near completion.

Our Lancashire based David Whitehead textile operations have been re-organised and continue to trade profitably. The John Barnes division currently exports 50% of its knitted fabric production to the motor trade in Europe.



Knitting machine at David Whitehead

Our textile companies in Africa have again had a very successful year. In Malaŵi, David Whitehead increased their production of woven cloth by 17% to 34 million yards, while sales in both the domestic and export markets remained buoyant. An important programme of capital expenditure involving the purchase of over 60 new looms is currently in hand in Zimbabwe.

YEAR AT A GLANCE	1981	1980
Turnover	£2,456·6m	£2,100·7m
Profit before tax	£120·6m	£119·1m
Profit attributable to Shareholders before extraordinary items	£38·1m	£45·0m
Net assets per share	186p	171p

Balance Sheet at 30 September 1981

	1981 £m	1980 £m
FUNDS EMPLOYED		
Share capital	65·46	65·22
Reserves	422·71	381·44
Equity interest	488·17	446·66
Minority interests		
Princess Properties International*	99·21	65·16
Other minority interests	113·89	86·16
Deferred tax	·75	·53
	702·02	598·51
Loans	342·87	249·80
	1,044·89	848·31
ASSETS EMPLOYED		
Fixed assets	669·48	539·86
Associates	189·09	137·13
Investments	43·38	24·69
Net current assets	142·94	146·63
	1,044·89	848·31

**The minority interest in Princess Properties International was acquired on 2 December 1981 for a purchase consideration of £52·30m, giving a surplus on acquisition of £46·91m which will be credited to reserves.*

Printing and Publishing

After consideration by the Monopolies and Mergers Commission, Outrams acquired "The Observer" newspaper which is one of the oldest and most respected national Sunday newspapers in the United Kingdom. The Observer is a valuable addition to our newspaper interests, which are extensive in Scotland. As a result of this acquisition, we are glad to have the previous owners, Atlantic Richfield of California, as a 20% partner in Outrams.

Outrams, publishers of the "Glasgow Herald" and "Evening Times", had a double success in winning first prize in the 'Newspaper Design Awards' for the best designed morning and evening papers in the United Kingdom. During the year, they also started a new Sunday paper, the "Sunday Standard", the first major newspaper to be launched in Scotland in the past 60 years. The profitability of the newspaper industry has been badly affected by increased newsprint costs and reduced advertising revenues and Outrams have suffered accordingly.

Our provincial newspapers group, Scottish & Universal Newspapers, continue to do well in a difficult market and have launched a number of new free distribution newspapers during the year, bringing the combined circulation to over 578,000 copies a week.

In the United Kingdom our printing companies have continued to invest in new technology for the years ahead.

Our wholly owned subsidiary, Harrisons, printers of postage stamps to many governments, have a new contract with the British Post Office to print substantially all their postage stamps for a further five year term. Harrisons have now been associated with the British Post Office for over half a century.

Royal Wedding stamp

Daniel Greenaway & Sons, financial and security printers, completed in November 1981 its investment in the most advanced computerised phototypesetting system currently available. Our Report and Accounts this year have been produced on the new system, considerably speeding up the time normally taken to prepare and print.

The performance of our printing and newspaper companies in Africa has generally been satisfactory, although Printpak in Kenya has made losses.

Export Confirming and Broking

High interest and wide fluctuations in international exchange rates have affected the performance of the international financing operations of Balfour Williamson, whose profits were slightly down on last year.

John Holt's export confirming with West Africa has improved with turnover increased by 50% to £81 million after several years in the doldrums.

Our cotton broking firm has traded satisfactorily, handling 44,000 tonnes in a subdued market.

Property

With our wholly owned subsidiaries, London City & Westcliff Properties and A.V. P. Properties, Lonrho owns a portfolio of commercial and industrial properties in England and France which has a value of £65 million.

The gross rental income from these properties is in excess of £5 million and has increased by 9% in the year.

Department Stores

We continue to hold 30% of the House of Fraser department store chain, worth £72 million at current share prices. I outlined the present position in my opening remarks, and I assure you that we will act reasonably and resolutely to bring about a sensible conclusion.

Wines, Spirits and Beers

Whyte & Mackay, Scotland's most popular blended whisky, increased its sales by 21% in the United Kingdom. The John Holt Wine group in the United Kingdom had sales of nearly £70 million. Within this group, Ashe and Nephew now operate 313 off-licences, and during the year the subsidiary Jones of Spennymoor began bottling "7-UP" for the Tyne Tees area. The vineyards in the Bordeaux area, Châteaux Rausan-Segla, Smith-Haut-Lafitte, La Garde, de la Tour and Olivier, and our shippers, Louis Eschenauer, are in good heart, and the 1981 vintage will be a good one.

An important occasion in the Bordeaux wine trade is the "Fête de la Fleur" which was for the first time held in the Grâves district and the venue chosen was your own vineyard Château Smith-Haut-Lafitte, a signal honour.

In Malaŵi our breweries produce a traditional African beer which is low in alcohol and high in protein, and sold nearly 13 million gallons. It is planned to build two new breweries to cater for the increasing local demand. The Group also operates a further 17 traditional breweries in partnership with African Governments.

In Nigeria John Holt's Pepsi Cola plant at Kano doubled its profit in its second full year of production at almost half a million cases of Pepsi Cola a month. A second plant came into production during the year at Kaduna.

Our Coca Cola bottling plant in Zambia has had a satisfactory year.

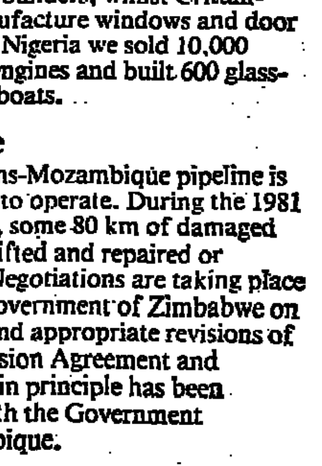
Engineering, Steel and Manufacturing

The trading results of our United Kingdom engineering companies were over-shadowed by the problems at Hadfields in Sheffield. Hadfields are in direct competition with the Government owned British Steel Corporation, which immediately following the steel strike in 1980, supported by Government subsidies, embarked upon a programme of price cutting to win back the market share they had lost.

Proposals for the rationalisation of the engineering steels sector were made by British Steel Corporation in March 1981. However, acceptance of these proposals would have meant the total closure of Hadfields and the loss of 2,600 jobs; proposals which your Board considered cruel. It was therefore decided to start our own re-organisation of the company which was completed in June, and since then Hadfields has been making a contribution to Group profits. The losses which we absorbed before making these cuts were very considerable. We have had no financial or other help from the Government.

The Firsteel Group were profitable in the year, with Lightfoot Refrigeration achieving a fine return.

Demand for domestic and office furniture and stainless steel sinks remained at a low level for most of the year. However, a small but welcome increase was evident in the final quarter and this trend has continued into the current year. Hopkinson, our plumbing factors, continued to expand.



Our engineering and manufacturing companies in Zimbabwe continue to go from strength to strength. W. Dahmer and Zambesi Coachworks are two of the country's leading bus, truck and coach-builders, whilst Crittall-Hope manufacture windows and door frames. In Nigeria we sold 10,000 outboard engines and built 600 glass-fibre workboats.

Pipeline

The Trans-Mozambique pipeline is now ready to operate. During the 1981 dry season, some 80 km of damaged pipe were lifted and repaired or replaced. Negotiations are taking place with the Government of Zimbabwe on the tariff and appropriate revisions of the Concession Agreement and agreement in principle has been reached with the Government of Mozambique.

Conclusion

I know you join the Board in appreciating the hard work and initiative of so very many people who work for Lonrho, and who have built up the strength of the Company to the point where we can yet again be proud in presenting the balance sheet to you. We look forward to next year's problems and successes and we hope you will stay with us as a shareholder!

Yours sincerely,
Tiny Rowland

The seventy-third Annual General Meeting of Lonrho Limited will be held at the Great Room, Grosvenor House, Park Lane, London, W.1. on Friday, 2 [illegible] noon.

LONRHO

Lonrho Limited, Cheapside House, 138 Cheapside, London, EC2V 6BL.

The text is taken from the Chief Executive's Review contained in the 1981 Report and Accounts which will be published in late February. Copies will be available from The Secretary, Lonrho Limited, Cheapside House, 138 Cheapside, London, EC2V 6BL.

Companies and Markets

BIDS AND DEALS

Home Charm to pay £14m for Sankey Homecentre

ON THE face of it, Home Charm has taken the gamble of a lifetime by agreeing to buy the Sankey Homecentre stores for £14m. Home Charm itself has shareholders' funds of about £10m and a market capitalisation of some £18m.

Raising the stakes further, the do-it-yourself sector is far from buoyant. Now add an element rarely found at a poker table—the £14m is being raised by an overdraft from Barclays Bank.

However, Home Charm starts with a strong hand. Since its market debut in 1971, it has recorded consistent profits growth with only one setback in 1980 when the competition intensified and margins shrunk.

A full recovery is expected for the year ended last December, with profits of £2.5m against £1.6m in 1980. Sales have surged from £4m in 1971 to £60m in 1980, and the company yesterday defended its bold move on several fronts.

"We've had nil growth from our existing stores in 1981," said *Mr Manny Fogel, Home Charm's* chairman. "Our growth has been coming from new stores. We want to keep moving."

As for the financial burden of the borrowings, Mr Seymour Saideman, a director, said: "We hope to get rid of the overdraft within 12 months of the purchase." The deal, which includes 25 existing stores throughout England and Scotland and two under construction, is expected to be completed by March 31. At the moment, Home Charm has no net borrowings.

Home Charm, the largest independent DIY retailer, yesterday agreed to buy the DIY business of J. H. Sankey and Son for £14m. The 27 Sankeys stores will increase Home Charm's Texas Homecare business by 66 per cent and establish the company as a nationwide chain.

Sankey, *one of the* UK's largest builders' merchants, said yesterday it was faced with the decision to either expand or get out of the DIY sector. Sankey is 60 per cent owned by the National Coal Board and 40 per cent by St Regis, the U.S. paper group. *Its Sankey Homecare* business represented about 10 per cent of its sales.

Sankeys Homecare sales totalled £11.7m for the year ended last March but are expected to reach £18m this year. The group is apparently making a small profit.

Home Charm's share price closed up 5p yesterday at 135p.

Mr Saideman said he expected £4m of the purchase price would in due course be financed by an extension of supplier credit.

In respect of the balance, he said £5m was accounted for by two freehold properties and three long leasehold properties on which the group was planning to raise mortgages or sale and lease-back agreements which would also help reduce the debt.

However, Mr Saideman admitted that profits for 1982 could well be flat. He said the cash flow from the acquisition should help cover the financing costs in 1982. By 1983, he added, the group would be able to move forward again.

The Sankey stores now have a turnover of about £18m which works out to about £27 per sq ft. Home Charm has sales of about £60 per sq ft, aided by stronger sales in the smaller stores. Analysts yesterday said that Home Charm should be able to double sales at the Sankey stores over the short term.

The key problem for Home Charm will be the initial *interest charges of some £2m in* the first year. Analysts agree, however, that the group is well-managed and has followed a policy of expansion with good results.

The Sankey stores will be converted to Texas Homecare stores—the Home Charm banner—over the next year, at which time *the group* will be able to advertise nationally. The Sankey Homecentres have not been heavily promoted through advertising.

Mr Saideman said the move would put pressure on the group. "Sure I've got fears. I have to hope interest rates don't go up and that nothing goes seriously wrong with the country.

"I think within our trade we're doing OK. We're one of the few making profits. We just hope we can ride this thing out."

HAT gets Tighe group for £9m

HAT Group, the building services and materials company, is making a £9m acquisition which will double the size of its painting division and take it into the field of specialist grit and shot-blasting cleaning.

It is paying £8.5m in cash and issuing 700,000 shares for Jack Tighe, a substantial painting contractor based in the North East.

The Tighe group of companies was established in the early 1950s and is now said to be one of the largest European groups in the field of industrial and commercial painting.

Over half of its turnover comes from heavy industrial, petrochemical and North Sea oil related contracts with the balance coming from commercial, domestic and maintenance painting and decorating. Other activities include scaffolding, industrial cleaning and ceiling partitioning work.

The purchase price has been calculated against Tighe's net assets at the end of this month being no less than £7m and that pre-tax profits in 1982-83 and 1983-84 will not be less than £1.8m a year.

HAT, which has grown out of the Telling family plastering business into a group with nearly 70 separate subsidiaries active in building services, is financing the acquisition without any need for borrowing. Last August the company raised £7.4m from shareholders by a rights issue. At that time the directors said that the money was *to* finance selective acquisitions.

Yesterday the shares rose 1p to 77p capitalising HAT at £47m.

The two companies had discussed the possibility of a get-together as far back as 15 years ago but serious discussions did not get under way until last autumn. Tighe has been unsuccessfully courted by others over the past 18 months and as recently as last Monday an approach was made.

HAT is buying Tighe with vendor warranties as to assets and future profitability. If either assets fall short of £7m or profits for the next two years are below £1.8m the vendors, the Tighe family and family trusts, will have to repay HAT up to £1½m.

However, if profits in either of the two years to February 1983 and 1984 are between £1.8m and £2.5m the vendors will receive additional consideration amounting to 1 9/14ths of the amount by which profits go over £1.8m. If profits are over £2.5m the additional payment will be half the profit.

Burmah extends bid for Croda

THE CASH bid by Burmah Oil for Croda International, the speciality chemicals group, yesterday passed its second closing date and was extended until 3.30 pm on February 18.

Burmah disclosed that acceptances had been received on behalf of 3,118,653 ordinary shares and 232,724 deferred shares. Taken in conjunction *with the 17.4m shares acquired* by a Burmah subsidiary in the "dawn raid" of December 18, this represents a total of 17.9 per cent of Croda's voting capital.

Burmah also criticised Croda's recent forecast of a 86 per cent increase in its dividend for 1982. Reminding Croda shareholders that this would require a gross payment by their company of £10.6m, the bidder says they "should be extremely concerned at this development" which runs "directly contrary" to the prudent management professed by the Croda board.

Burmah referred to the review of 1982 prospects promised by Croda, repeating that full information would be expected on dividend cover and retention levels. "Only then will shareholders be able to assess properly" Croda's current position in the stock market.

Croda's ordinary and deferred shares closed unchanged at 82p and 54p, against Burmah's cash offers of 70p and 48p respectively.

Mr Richard Heseltine, Croda's director for corporate development, said the take-over bid appeared to have "ground to a halt" since the raid in December.

"Burmah seems to be saying that Croda shareholders should hold on to their shares and not sell them in the market but rather wait to hear what *Croda's* board has to say about the future. That is advice with which we heartily concur."

Mr Heseltine again confirmed that Croda was still working on a review of its prospects. This would be published "in good time" and would provide "information to back up the *dividend forecast.*"

BON MARCHE/ NEW SYLHET

In the formal offer document of the bid by **Bon Marche Wine (Shippers)** for **New Sylhet Holdings** the directors of Sylhet say that for a number of years their company's dividends would justify the price now being offered for the ordinary shares and they therefore recommend acceptance.

Bon Marche carries on the business in the UK of wholesale wine, spirits and beer merchants and considers that although operating in different fields the businesses of Bon Marche and New Sylhet are complementary.

The Bon Marche directors believe there is considerable scope for the development of New Sylhet's business with the additional support of resources available to Bon Marche both in UK and Bangladesh.

The New Sylhet directors say that it is impossible at this stage to forecast whether or not there will be any improvement in operating profit for 1981.

CHANGE WARES

Messrs J. R. Dutton and R. J. Stockwell have transferred their total shareholdings in Change Wares (70,015 and 117,049 ordinary shares respectively) to Barclays Nominees (Lombard Street) following an agreement between them and Barclays Bank. The shares will be held by Barclays Nominees as nominee for Barclays Bank.

Mr Stockwell has resigned as a director of Change Wares and will in future concentrate exclusively on his activities as an executive director of H. Stockwell and Co., the principle subsidiary of Change Wares. Mr Dutton remains as finance director of H. Stockwell and Co. and the service contracts of Mr Stockwell and Mr Dutton have recently been extended.

MITCHELL SOMERS

Mitchell Somers has acquired a further 600,000 ordinary shares in F. H. Tomkins at 18½p.

This brings Mitchell Somers' holding to 5.91m ordinary shares which is 23 per cent of the issued ordinary capital.

SHARE STAKES

Bertam Holdings—Johore State Economic Development Corporation now holds 4,066,500 ordinary shares (20.3325 per cent).

Thomas Nationwide Transport—The Australian Mutual Provident Society now holds 16,500,113 "A" and 7,071,628 "B" shares.

D. F. Bevan (Holdings)—Mr Derek Frank Bevan, director, and wife disposed of 40,000 ordinary *(0.50 per cent)*, and now hold 1,430,374 ordinary (18.20 per cent). Mr Martin Frank Bevan, director, acquired 50,000 ordinary (0.63 per cent), now holds 440,544 ordinary (5.60 per cent).

Bunzl Pulp and Paper—Mr F. A. G. Schoenberg disposed of 50,000 ordinary (non-beneficial).

Henlys—Mr G. R. Chandler, director, sold 20,000. Ordberwick Timpo Jove Investment Trust sold 25,000 ordinary now holds 400,000 ordinary (7.12 per cent).

Town and City Properties—Hambros no longer has a beneficial interest in any 7 per cent convertible cumulative preference shares. Hambros retains beneficial interest in 36,288,170 ordinary shares.

F. Austin (Leyton) — Mrs Austin, the wife of Mr F. Austin, president, has sold 50,000 ordinary shares. The Frank Austin Foundation Charitable Trust, of which Mr J. A. Austin, chairman, is a trustee, sold 50,000 ordinary shares.

Pengkalen—The Straits Trading Company no longer has an interest of 423,517 ordinary shares.

Warner Estate Holdings—Mr P. C. T. Warner, director, has disposed of 22,500 ordinary shares.

The General Scottish Trust—The Sun Life Assurance now holds 2,080,000 ordinary (10.58 per cent).

Lesney Products — Mr M. E. Alberge, director, bought 5,000 ordinary shares.

Transparent Paper — London Trust Company is now interested in 400,000 ordinary (approximately 5.5 per cent).

Hoskins and Horton—Claxton and Garland has purchased 335,000 ordinary and now holds 560,400 ordinary (21.14 per cent).

The Rio Tinto-Zinc Corporation — Norwich Union Fire Insurance Society purchased 175,000 3.5 per cent "B" preference and now holds 470,000 "B" preference (14.95 per cent).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
American Oil Field Sys.	1.25§	—	—	1.25	—
Christie-Tyler ....int.	nil	—	1	—	4
City & Foreign Inv. ...	nil	—	0.7	nil	0.7
Dale Electric ....int.	0.7	Apr. 8	0.7	—	2.5
Robert M. Douglas ...int.	0.75	Apr. 8	0.73*	—‡	3.33*
Dowty Group ....int.	1.55	Mar. 31	1.47*	—	3.33*
Drayton Commercial ...	5.35	Apr. 2	5	7.35	7
Drayton Premier	7.71	Apr. 2	7.2	10.71	10.2
General Funds	5.5	Apr. 15	5.25	8	7.75
Hampson Industries int.	0.25	Mar. 15	10.25	—	0.75
Imperial Group	4.5	Apr. 1	4.5	7.25	7.25
Lonrho	6	April 2	6	9	10‖
Lonrho ....first int.	1	April 2	—	—	—
Martin Ford	0.65	Apr. 29	0.65	0.65	1.3
Mining Supplies ......int.	nil	—	nil	—	2
Mountleigh Group ...int.	1	May 3	1	—	3.5
Norfolk Capital	0.5	Apr. 27	0.7	0.5	1.2
River and Mercantile...	5	March 26	5*	7.5	7.5*
River Plate & Gen.	4.25	Mar. 26	4*	5.5	5.25*
Standard Bank Inv. Cpn.	28¶	—	28	40	40
Thermal Syndicate	4†	Apr. 1	4	7	7
Weber Holdings	15	—	15	20	17

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Directors expect total of 3.5p. § First and final dividend. ¶ South African cents throughout. ‖ Including 1p special payment.

BANK RETURN

	Wednesday Feb. 10 1982	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	41,349,986	+ 4,099,017
Bankers Deposits	597,026,356	+ 21,108,512
Reserve & other Accounts	1,566,713,321	+ 32,106,595
	2,219,642,663	+ 57,314,124
Assets		
Government Securities	645,365,069	+ 62,115,000
Advances & other Accounts	1,054,528,888	+ 13,503,792
Premises Equipment & other Secs.	503,278,898	— 17,231,171
Notes	16,261,853	+ 9,160,936
Coin	207,955	— 34,433
	2,219,642,663	+ 57,314,124
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	10,600,000,000	—
In Circulation	10,583,738,147	— 9,160,956
In Banking Department	16,261,853	+ 9,160,936
Assets		
Government Debt	11,015,100	—
Other Government Securities	4,251,789,921	+ 50,554,518
Other Securities	6,337,194,979	— 50,554,518
	10,600,000,000	—

LONDON TRADED OPTIONS

Feb. 11 Total Contracts 3,557. Calls 3,150. Puts 407.

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP (c)	280	26	10	36	—	46	—	298p
BP (c)	300	12	20	24	1	32	—	"
BP (c)	330	8	1	11	—	18	—	"
BP (p)	280	18	25	12	—	18	—	"
BP (c)	300	—	25	24	—	32	—	"
CU (c)	130	12	2	17	—	24	—	135p
Cons. Gld (c)	460	40	2	52	—	60	—	477p
Cons. Gld (p)	460	13	—	25	22	35	—	"
Ctlds. (c)	70	12	5	15	—	20	—	81p
Ctlds. (c)	80	7	12	8½	3	12	—	"
GEC (c)	800	60	6	87	—	100	—	834p
GEC (c)	850	27	3	52	—	72	—	"
GEC (p)	800	18	—	27	2	35	—	"
GEC (p)	850	38	11	45	—	52	—	"
Gr'd Met. (c)	200	7	—	14	2	19	—	195p
Gr'd Met. (p)	200	13	4	17	2	19	—	"
ICI (c)	300	50	12	54	—	60	—	346p
ICI (c)	330	26	25	36	1	40	10	"
ICI (c)	360	9	40	20	—	28	—	"
ICI (p)	330	12	—	19	3	26	—	"
Land Sec. (c)	280	34	2	40	—	50	—	302p
Mks & Sp. (c)	120	26	25	28	—	—	—	143p
Mks & Sp. (c)	130	16	10	19½	—	27	—	"
Mks & Sp. (c)	140	7	5	11½	27	17	—	"
Mks & Sp. (c)	160	3	4	5	—	8	10	"
Shell (c)	360	24	1	34	—	44	—	374p
Shell (c)	390	10	10	20	1	28	—	"
Shell (p)	390	28	25	32	—	35	—	"
		February		May		August		
Barclays (c)	500	1½	3	18	—	28	—	470p
Imperial (c)	60	25	19	25	22	26	—	85p
Imperial (c)	70	15	292	15	553	17½	114	"
Imperial (c)	80	5	959	7	564	10	131	"
Imperial (p)	70	1	—	2½	—	2½	10	"
Imperial (p)	80	3	122	5½	10	7	10	"
Lasmo (c)	390	2	15	18	—	35	—	349p
Lasmo (c)	550	¼	1	4	—	—	—	"
Lonrho (c)	70	16½	15	18	2	19	—	86p
Lonrho (c)	80	7	77	9	19	10	4	"
Lonrho (c)	90	2	21	4½	9	6	—	"
Lonrho (p)	80	2	1	5	—	6½	—	"
Lonrho (p)	90	7	105	10	1	12	—	"
Lonrho (p)	100	17	4	—	—	—	—	"
P & O (c)	120	17	7	25	—	31	—	136p
P & O (c)	140	2½	10	11	10	18	—	"
Racal (c)	390	7	25	25	3	35	—	375p
Racal (p)	390	16	—	27	25	30	—	"
RTZ (c)	460	8	—	32	1	40	—	444p
RTZ (c)	500	1	1	17	—	28	—	"
RTZ (p)	460	22	—	27	1	32	—	"
RTZ (p)	550	112	1	115	—	—	—	"
Vaal Rfs. (c)	55	10	—	10½	—	13	2	$64
Vaal Rfs. (c)	60	5	6	8½	1	7¾	—	"
Vaal Rfs. (c)	70	½	—	3¼	6	3¾	—	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series	Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
[illegible]							

TOTAL VOLUME IN CONTRACTS: 4132

A=Asked B=Bid C=Call P=Put

Cut-throat battle hits profits

By Kenneth Gooding, Motor Industry Correspondent

THE SOCIETY of Motor Manufacturers and Traders' computer has now disgorged the vital statistics about new car sales in Britain last year and it makes uncomfortable reading for some companies.

Cut-throat competition in the form of price-cutting and various other incentives remained the major feature of the market last year, something the bare statistics cannot show.

But many people feel that this hectic activity pushed up total sales while doing nothing to help the profitability of individual companies or their dealers.

Certainly the new car market did not fall as far as was expected. Registrations totalled 1.48m, down only 1.9 per cent against the 6.5 per cent drop forecast by the industry in January last year.

The importers' share of the market slipped from the record 56.7 per cent in 1980 to 55.7 per cent. The main influence was Ford's decision to assemble more of the cars it sold in Britain at its British plants instead of bringing them from Belgium or Germany.

Last year 203,291 of the Fords registered were assembled outside the UK—representing 13.69 per cent of the total British market—compared with 216,760 or 14.31 per cent in 1980.

Summing up you could say that it was a year of mixed fortunes for the UK-based manufacturers, a year when the Germans made great progress in Britain but it was something of a disaster for the French.

Only two years ago, for example, Renault seemed certain to reach a 6 per cent market share in the UK, was proclaiming loudly it would shortly take over from Datsun as the leading "traditional" importer and that it was aiming for annual registrations of 100,000 in Britain.

Instead Renault went into reverse, lost UK market share and suffered a sharp decline in car sales. Look for the reason and you get a different story from the manufacturer and the dealers. Renault hints, unofficially, that some of its dealers were not up to the mark and were simply not good enough to sell new cars in a competitive market. Some dealers maintain the company has been too bureaucratic and inflexible in its approach and has been too interested in market share rather than profitability.

This family quarrel will have to be patched up if the company is not to fall back again this year.

Renault now intends to build its market share back to 6 per cent more gradually and has stopped talking about 100,000 a year sales.

Last year was traumatic for the other French group, Peugeot. Its Citroen subsidiary managed to hold its place in the market. But sales of Peugeot cars and those of the Talbot UK offshoot fell badly behind.

Paradoxically, this was in part because of moves to "strengthen" the Peugeot and Talbot networks by welding them together so that cars of both marques can be sold side by side in the same showrooms. This has caused internal disruption and to some extent diverted the management's attention away from the main objective: maintaining car sales in a very difficult market.

Talbot, according to assistant managing director Mr Filmer Paradise should have at least 7 per cent of the UK market but closure of its car plant at Linwood in Scotland last year was bound to have more than just a psychological impact.

Talbot's small hatchback, the Sunbeam, and the medium-sized Avenger, went out of production when Linwood shut down and these two models could have given the company at least another 1½ per cent market share.

The Horizon will this year count as a "British" car as it is being assembled (from French kits) at Coventry and the company will soon have right-hand-drive versions of the recently launched Samba, with its claimed 60 mpg economy.

These two cars in a full year should add 3 per cent to Talbot's penetration and the company's target is to be back at 7½ per cent in 1983.

All three German car manufacturers made real progress in Britain last year — it was not simply a question of maintaining unit sales in a depressed market.

Registrations of Mercedes cars in Britain passed the 10,000 mark for the first time and the UK remained one of the best markets in the world for the more-expensive end of the group's range. Indeed, Britain is the best European market for the top-of-the-range S-class saloons, SL sports cars and coupes and TL estate cars.

Mercedes maintains: "Good service from a soundly-based and profitable dealer network"

> ❛The Japanese played the game to the agreed rules last year by squeezing just below 11 per cent of the market which would have been the maximum acceptable to the British industry❜

is one factor in its success while another is that its cars do not depreciate as fast as most rivals in the "executive" class.

Mercedes has owned its UK import company for the past seven years. BMW took over its importer in 1979. Since then sales of BMWs in Britain have risen by around 25 per cent.

The managing director of BMW (GB), Dr Walter Hasselkus, reckons that, even though his company sold a record 17,000 cars last year, it could have disposed of another 2,000 if they had been available.

Since taking over its own import business, BMW has concentrated on improving its "value for money" image by holding price increases to a minimum—both on cars and spare parts—and helping the dealers make a sustained effort to improve productivity and thus keep down servicing costs.

BMW originally estimated it could sell 17,500 cars in Britain this year but, in the light of the 1981 performance, has increased the forecast to 18,500. Dr Hasselkus believes the group ultimately could achieve and hold a 2 per cent market share in Britain without causing too much disturbance to the home manufacturers.

The VAG dealers in Britain believe they could capture and hold a 10 per cent share—VAG takes in the Volkswagen and Audi marques.

But VAG (GB), which is a Lonrho subsidiary, is much more cautious and, like the other companies which have made headway in a depressed UK market, is concentrating on controlled and steady growth so as not to overstretch the network.

Even so the company aims to have an 8.5 per cent share of the UK market by 1985 and this would have been considered extremely ambitious back in 1979 when it had just 4.4 per cent.

There now seems little to prevent VAG this year selling 100,000 cars to overtake Datsun UK as the major "traditional" importer ("Traditional" imports are highly visible compared with the "captive" imports by UK-based companies from their overseas associates).

Datsun UK, a privately-owned company which has no equity links with Nissan in Japan, will be constrained, like the rest of the importers of Japanese cars, by the "voluntary" agreement on car shipments to Britain.

The Japanese played the game to the agreed rules last year by squeezing just below the 11 per cent of the market which would have been the maximum acceptable to the British industry. The system went haywire in 1980 and the Japanese, in spite of frenzied last-minute efforts to keep down registrations, ended that year with 11.9 per cent.

Last year those Japanese companies which showed the biggest sales growth in 1980—Toyota and Honda—were forced to give back the captured ground. Almost certainly this was because of an edict by the Japanese authorities rather than normal commercial and competitive reasons.

However, the Ministry of International Trade and Industry in Japan seems to be taking the view that as many Japanese groups as possible should gain a firm foothold in the UK market just in case one day freedom of operation returns.

For example, in a year when total Japanese registrations dropped from 180,000 to 163,000, the two minnows, Daihatsu and Suzuki, were allowed to more-than-double sales in Britain, taking them to a level at which a modest dealer network could be sustained.

The Japanese "restraint" started in 1975 and was designed to give BL some time to recover from a position of severe weakness.

BL would claim that the recovery actually started last year. For the first time in seven years it showed a market-share improvement, up from the depths of 18.2 to 19.2 per cent. And it showed an increase in unit sales, up from 276,000 to 285,000.

Mr Ray Horrocks, chairman of BL Cars, believes that if the 1982 new car market reaches the 1.5m, as has been widely forecast, the group will improve its penetration by at least another 1 per cent. In fact, the dealers insist that close to 23 per cent is a possibility this year.

Ford set itself a highly-optimistic target of 33 per cent of the market in 1981 and claims it would have met it if only its British plants had produced the number of cars they were scheduled to turn out.

Some Ford dealers, still exhibiting the scars from the price wars of 1981 are not so sure. Ford says that no customer can be more than five miles from any of its dealers in Britain. A proud boast. But it does mean that in difficult times the Ford dealers battle among themselves as much as with the competition.

"I had record turnover last year but I made hardly enough profit to keep the business afloat," said one Ford dealer who complained bitterly about some of the methods used by others in the network to snatch business from him.

Ford is looking for a 32 per cent market share this year, a modest 1 per cent improvement. But in 1982 the Cortina, best-selling individual model in Britain for so many years, will go out of production to be succeeded in the autumn by the Sierra, by all accounts very different from the vehicle it replaces.

Ford also acknowledges that the Triumph Acclaim, in its first full year, might dent Escort sales a little while the new Vauxhall Cavalier, the British version of General Motors "J" car, is a major competitor for the Cortina.

Vauxhall ended 1981 in fine style, thanks mainly to the Cavalier, and had an 11 per cent market share in both November and December—the best months for the group since November 1978.

General Motors is combining the Vauxhall dealership network in Britain with that of its West German subsidiary Opel.

> ❛In 1982 the Cortina, best-selling individual model in Britain for so many years, will go out of production❜

The man put in to supervise the restructuring and to oversee Vauxhall's predicted come-back, Mr John Bagshaw, insists the network can sell 170,000 new cars this year for a market share of around 11 per cent.

By the mid-1980s Vauxhall-Opel will have over 16 per cent, he forecasts.

Of the other major importers, Fiat has been struggling to find the right formula in Britain for both its Fiat and Lancia marques. Its market share sunk from 4.6 in 1979 to 3.4 per cent in 1980. The group merged the Fiat and Lancia dealership networks and aimed for more than 5 per cent in 1981.

Having missed the target again — its actual share was just over 4 per cent — Fiat is more cautious about 1982 when it looks for a 4.5 per cent share of a 1.5m market.

In comparison, Volvo is one of last year's success stories. It not only had record car sales in 1981, but its market share reached a record 3 per cent.

Dr Jim Maxmin, the chief executive of Volvo Concessionaires, the Lex Group subsidiary which imports the cars, claims his company's 1981 performance "reflects the consistent application of professional management techniques to resolving business problems rather than simply employing a series of short-term sales gimmicks and give-aways." His strategy "is aimed at providing our dealers and customers with the highest possible standard of service in order to ensure long-term growth through high levels of repeat purchase."

Certainly it does seem that those companies which have made real progress in Britain since the peak 1.71m market of 1979 are those which have not attempted overt "gimmicks and give-aways" (although what their dealers do in the privacy of their own sales rooms is another matter).

Dr Maxmin predicts that the market conditions will not improve in 1982. "The recession is not the major problem the motor industry has to face. Over-capacity is. Because of the over-capacity, 1982 will be a battlefield of incentives and price-cutting."

Kenneth Gooding wrote on world car sales last Wednesday, February 10, and on personal car imports into Britain last Saturday, February 6.

The top-selling marques in 1981 of Britain's top three car manufacturers: the Ford Cortina (top), BL's Austin Metro and Vauxhall's Chevette.

UK NEW CAR MARKET 1981

Company	Country	1980 Registrations	1980 Market share %	1981 Registrations	1981 Market share %
WINNERS					
BL	UK	275,798	18.22	285,071	19.20
BMW	West Germany	13,451	0.89	17,086	0.94
Colt	Japan	10,273	0.68	11,209	0.76
Daihatsu	Japan	1,355	0.09	3,059	0.21
Fiat	Italy	51,299	3.39	61,977	4.17
Lada	Russia	13,043	0.86	15,508	1.04
Mercedes	West Germany	8,876	0.59	10,667	0.72
Saab	Sweden	8,073	0.53	9,461	0.64
Skoda	Czechoslovakia	7,906	0.52	8,507	0.57
Subaru	Japan	3,252	0.21	3,312	0.22
Suzuki	Japan	1,116	0.07	2,533	0.17
VAG (Volkswagen-Audi)	West Germany	68,285	4.51	80,221	5.40
Volvo	Sweden	38,283	2.53	44,558	3.00
NEUTRAL RESULTS					
Ford	UK/Germany	464,706	30.7	459,365	30.94
Vauxhall	UK/Germany	109,218	7.21	107,572	7.24
Mazda	Japan	15,370	1.02	15,594	1.05
Citroen	France	27,006	1.78	27,395	1.85
LOSERS					
Alfa Romeo	Italy	10,219	0.68	8,030	0.54
Datsun	Japan	91,893	6.07	88,209	5.94
FSO	Poland	3,989	0.26	2,329	0.16
Opel	West Germany	22,869	1.51	18,796	1.26
Honda	Japan	22,760	1.5	15,774	1.06
Jeep	U.S.A.	106	0.1	68	0.00
Panther	UK	95	0.01	42	0.00
Peugeot	France	24,333	1.60	17,805	1.19
Talbot	UK/France	90,874	6.0	68,048	4.58
Reliant	UK	682	0.05	308	0.02
Renault	France	88,343	5.84	72,041	4.85
Rolls-Royce/Bentley	UK	1,315	0.09	1,218	0.08
Toyota	Japan	34,167	2.26	23,405	1.58
	Total British	655,089	43.3	658,089	44.33
	Total imports	858,319	56.7	826,938	55.67
	Total market	1,513,761	100	1,484,622	100

Source: Society of Motor Manufacturers and Traders

Christie-Tyler losses mount

AS PREDICTED last October, increased losses have been shown by Christie-Tyler, furniture manufacturer and upholsterer for the six months to October 31 1981. At the pre-tax level, the deficit mounted from £445,000 to £739,000 on turnover 6 per cent higher at £35.55m.

Mr George Williams, the chairman, had also predicted that a loss for the year as a whole was also likely. The directors now add that the rate of loss in the second half year to date has been greater than for the first half. However, "measures are now being taken to restore the company to profitability in 1982-83."

The difficult trading conditions have resulted in the interim dividend being passed. This compares with a previous interim payment of 1p. In the last full year a total of 4p was paid from pre-tax profits of £567,000 on turnover of £74.39m. Losses per 10p ordinary share were shown at 7.7p; against earnings of 7.6p.

The autumn trading period, which is normally the peak selling time, failed to meet expectations, say the directors, while trading during the January sales was extensively disrupted by exceptionally poor weather.

At the trading level, losses increased sharply from £183,000 to £611,000. Interest charges were lower at £128,000, compared with £262,000.

There was no charge for taxation this time, after a previous credit of £231,000 and a deferred tax release of £950,000. In the last comparable period there was also an extraordinary debit of £590,000; which left attributable profits of £146,000.

● comment

Christie-Tyler's interim pre-tax losses, 66 per cent greater than in the comparable period, are due overwhelmingly to the performance of the lower end of the upholstery market. The combination of a high volume, low margin product and sharply falling demand has been disastrous. The company spent £200,000 during the half year on reorganisation, involving the loss of 100 jobs. In January a factory closed with a further 90 redundancies and its South Wales workforce of about 2,000 took a 10 per cent wage cut. Christie can justifiably blame the weather: in January, the key sales period, it was forced to shut down for two weeks and claims to have suffered to the tune of at least £1m in lost sales. The rises in the price of foam will not help current trading. Last year the company made £1m pre-tax in the second half. This year losses of some £1.5m for the year must be a possibility. The shares lost 1p to finish at 35p, barely above a seven-year low, where the market capitalisation is £3.4m.

Greycoat Estates ahead

TAXABLE PROFITS of Greycoat Estates rose from £239,688 to £265,151 for the half year to September 30 1981. Turnover was down at £343,850 against £480,952 previously.

This property investment and development company is not paying an interim dividend but Lord Chelmer, chairman, says it is his intention, given the availability of sufficient distributable profits, to declare a final dividend of 1p per 10p share for the full year to March 31 1982. A single payment of 0.37p net was paid last year.

Group profits before interest and tax dropped from £213,396 to £100,623 while net interest income rose sharply from £26,292 to £164,528.

Lord Chelmer says the results include substantial interest income on funds subsequently used in developments. The interest credit for the second half will thus be considerably lower, he says.

He points out that the results for the second half will include a contribution from City Offices, acquired in January and that the group's profits should continue the upward trend of recent years.

Tax took £105,000 against £130,000 leaving profit after tax of £160,151 (£109,688).

Key Properties expands to £216,000

Pre-tax profits of Key City Properties, the Gibraltar-based property development and investment company, improved from £43,000 to £216,000 for the nine months to December 31 1981.

The figures included profits of £207,000 (£40,000) on disposals and were after management expenses of £160,000 (£98,000).

Tax took £4,000 (£1,000) and after convertible loan interest the available balance emerged at £211,000 (£41,000). Gross rentals totalled £188,000 (£157,000), including those of the Isle of Man subsidiary Dudula, and property expenses amounted to £19,000 (£56,000).

The directors say the disposals were of six flats: no further such sales are anticipated for the remainder of the year. They add that with plans for the Spanish frontier gates to open in April the future is viewed with considerable confidence and optimism.

A dividend of 2p was paid in January and no further payments are proposed for the current year. The company's shares are unquoted. Pre-tax profits for the full year to March 31 1981 totalled £77,000.

Robt. Douglas setback but workload improving

A DROP of £375,000 to £747,000 in pre-tax profits is reported by Robert M. Douglas Holdings for the half-year to September 30 1981. Turnover of this civil engineer, builder and contractor, rose from £52.8m to £53.66m.

Following the one-for-two scrip, the interim dividend is 0.75p against an adjusted 0.734p. Last year a final of 2.6p (adjusted) was paid, and the board expects to recommend a total for the current year of 3.5p.

Mr J. R. Douglas, the chairman, says that although the results are "somewhat disappointing," the group entered the second half with a substantially increased workload in construction and in specialist sub-contracting. Most contracts were taken at keen margins, but he says it is encouraging to be able to report the improvement in work obtained.

Basically group profits have been hit by the reduction in total demand in the UK for goods and services supplied by the company's construction equipment division and in plant hire, although overseas companies in the division enjoyed buoyant trading conditions.

He says the benefits of the re-organisation in the specialist contracting division have not yet materialised, and the division operated at a loss during the six months.

The construction division profits were greatly improved compared with the corresponding period last year, although substantial loss provisions are recoverable in due course in settlement of final accounts. There are prospects of further improvement in the division's overseas order books, albeit in markets which remain highly competitive.

The pre-tax figure for the half-year was struck after depreciation up from £1.5m to £1.68m and interest receivable of £324,000 (£91,000). There was a tax charge of £242,000 (£309,000), leaving attributable profits down from £813,000 to £505,000. Stated earnings per 25p share fell from 8p to 5p.

● comment

The construction sector is still performing quite well, witness its continued outperformance against the FT Industrial Group (487) Index, but the upturn in UK work does seem to be accompanied by a rise in potential losses on public authority contracts. Robert M. Douglas had hoisted its domestic workload by some 50 per cent by the start of the second half and, although margins remain extremely fine, more worrying is the £1m plus provision against local authority work in the Midlands and Wales. But the interim pre-tax shortfall of a third can mostly be pinned on the construction equipment division which, with plant hire, has turned down by about £500,000. The losses at specialist contracting, too, have deepened by some £200,000. So there may be loss elimination of perhaps £700,000 but the second half will depend, as ever, on the incidence of contract completions and, equally on any recovery on loss provision, not least the £150,000 written against DEE's Egyptian contract. It must be a fair bet that associate income will revive this year but any real improvement in margins either at home or overseas must still be some way ahead. Perhaps the best that can be said for the shares at 76p, down 7p yesterday, is that the important construction side has restored a full year's workload while the prospective yield of 6.6 per cent offers some support.

Thermal Synd. slides to £0.5m

AFTER TAKING "determined action" during the year to reduce costs—which resulted in redundancies — Thermal Syndicate is now financially strong and has reduced group borrowings from £770,000 in 1980 to £420,000, says Mr J. E. Bywater, the chairman.

He adds that the balance sheet will show that the group is in a very healthy position with access to sufficient funds to finance future expansion.

Meanwhile, the group's figures for the year to October 31 1981 show a substantial fall in pre-tax profits, which are down from £1.4m to £508,626. The final dividend is unchanged at 4p making 7p (same) net on increased capital following the one-for-three rights issue.

Turnover of this manufacturer and fabricator of fused quartz, fused silica and high temperature refractories, was down from £15.04m to £14.06m. Tax for the year was well down at £6,349 (£236,099), leaving net profits of £502,277 compared with £1.16m. Extraordinary items have not been included in the after-tax profit. These resulted in debits of £35,426 (nil).

Stated earnings per 25p share were 7.52p against 21.91p.

The chairman says production techniques continue to be improved, and new products are being introduced and these actions should enable the group to maintain its position in world markets, and to improve profitability when the economic upturn does come.

On a CCA basis, there was a pre-tax loss of £99,000.

● comment

Thermal Syndicate's forecast of a better second half was justified by events but only to a very moderate degree. Even after cost trimming exercises and with the advantage of a £1.38m rights issue to reduce the interest charge over the final six months, Thermal's second-half profits were less than £0.4m. Turnover was lower in real terms by something nearer 20 per cent than the 6 per cent nominal drop so under-recovery of fixed costs was inevitable. The rights proceeds have been applied in part to a higher rate of research expenditure, where the most immediate results should be seen in components for optical-fibre communication systems. Thermal is also casting about for a congenial acquisition. Meanwhile the promised final dividend (maintained on the expanded capital) brings the year's distribution to a gross £710,000. It is only because of a freakishly low tax charge that this dividend is—just—covered. Up 10p to 97p, the shares yield 10½ per cent.

Home Video to improve forecast

DEALINGS IN the shares of Home Video Holdings, an unquoted distributor of video cassettes, have been suspended pending a revision of the £0.2m profit forecast made last June at the time of a placing of 220,000 shares at 115p per share.

Mr John Woolgar, of Hill Woolgar, the company's brokers, said Home Video's prospects had improved so much that it would be unfair to allow people to sell shares without an awareness of what was happening.

Mr Peter Abbey, managing director of Home Video, said the group had acquired video rights to many more films than expected as well as cinema rights in some cases.

Accountants Peat, Marwick, Mitchell and Co have been requested to carry out an interim audit before issuing the revised profit estimate.

Hill Woolgar makes the market in Home Video shares and the latest price prior to suspension was 300p.

HIGHGATE OPTICAL/ BRACECARD

The acquisition by Highgate Optical and Industrial of Bracecard was completed on January 27 1982.

The total cash sum paid to the vendors at that date was £377,000. Net assets of Bracecard at November 30 1981 were in excess of that sum.

George Dew tops its forecast

TAXABLE profits announced by George Dew reached £3.24m for the group for the year to November 1, 1981. This is slightly ahead of the £3.1m forecast in the prospectus last September, which was issued in connection with the issue of shares to finance the acquisition of G. Dew and Co.

The pre-tax figure was reached on turnover of £32.47m. Interest received came to £619,000 and there were associated profits of £250,000. Tax took £1.39m.

The pre-tax profit for G. Dew and Co. was given as £506,000 on turnover of £3.81m. A final dividend of 3.4p has been declared, which absorbs £272,000. Interest received was £66,000 and associated profits came to £30,000. The charge for taxation was £199,000.

The directors intend applying to the Stock Exchange for capital to be admitted to the Official List towards the end of March 1982.

The group trades as civil engineering contractors and industrial builders.

SHARE STAKES

Save and Prosper Linked Investment Trust—Merchant Navy Officers Pension Fund hold 1.5m capital shares (31.58 per cent).

City and Foreign Investment — Montague Burton Pensions Trustee has sold 100,000 ordinary shares reducing holding to 130,000 shares (below 5 per cent).

MINING NEWS

Acquisition of St Joe lifts Fluor profits

BY GEORGE MILLING-STANLEY

THE ACQUISITION last year of St Joe Minerals boosted profits of America's Fluor Corporation to record levels for the fourth quarter of last year, the first period for which the mining company's results were consolidated.

Fluor returned net profits for the period of $66m (£35m), up from $31.5m for the last quarter of 1980. The increase did not work through to the earnings per share level owing to the rise of 30m in the number of Fluor shares in issue as a result of the acquisition. Earnings came out at 84 cents a share, against 65 cents.

For the full year Fluor made net profits of $159.24m, an increase of 21 per cent, with earnings up to $2.83 a share from $2.73.

Mr Robert Fluor, chairman, said that although costs related to the acquisition of St Joe have temporarily moderated Fluor's earnings pattern, the company is stronger as a result.

He said that the takeover cost $2.2bn, and has added $2.7bn to Fluor's assets, which now stand at $4.4bn.

In recent years, St Joe has diversified widely, and its major products now include oil and gas, coal, lead, gold, silver, zinc and iron ore. Mr Fluor said it was this wide spread of products which had enabled St Joe to maintain its earnings and outperform the industry last year.

Apart from the St Joe takeover, engineering and construction operations for the mining and metals industries helped to raise Fluor's profits.

Mr Fluor said this was largely due to the active Australian market, where the company is involved in the big Oaky Creek coking coal project in Queensland, among other things.

Fluor has also been commissioned to build a pilot plant for the Rio Tinto-Zinc group's open-pit copper project at Cerro Colorado in Panama, where the total construction costs are likely to work out at in excess of $1bn.

However, this project is currently on a care and maintenance basis, awaiting the outcome of talks between RTZ and the Panamanian Government, and Fluor's activity has been reduced accordingly.

Turning to the future, Fluor estimates that this year's output from the rich El Indio mine in Chile will reach 350,000 oz of gold, 1m oz silver and 9,000 tons of copper.

This includes a significant amount of direct shipping ore, which is of such high grade that it is not processed at the mine site. This ore, which averages about 255 grammes of gold per ton, is now expected to last until 1984 at a production rate of around 2,200 tons a month.

St Joe will be spending some $33m on exploration this year, with around 35 per cent of this earmarked for the U.S.

First finance for Ok Tedi project

AN INITIAL financing agreement of $150m (£80.8m) for the big OK Tedi gold-copper mining project in Papua New Guinea was to be signed yesterday, according to the lead manager Citicorp International.

The syndicated facility is for 12 years if used as a term loan under the accord's flexible options, or eight years if used in the form of letters of credit. Interest is on a sliding scale and will start at ½ per cent over London Interbank Offered Rate.

The letters of credit will be secured in the same fashion as the term loan. Financing may be drawn in U.S. dollars or the equivalent in yen, D-marks or sterling, or any combination of these currencies.

News of further financing for the big project, which could cost some $1.4bn in all, is expected next week.

Partners in Ok Tedi are: Australia's Broken Hill Proprietary 30 per cent, Amoco Minerals (a unit of Standard Oil of Indiana) 30 per cent, a West German consortium led by Metallgesellschaft with 20 per cent and the State of Papua New Guinea with the remaining 20 per cent.

Revenues from the project are expected to provide the PNG Government with a major source of funds for its programme of national development projects.

The ore deposit, which is amenable to open-pit mining operations lies in the remote Star Mountains in the centre of New Guinea island, nearly a thousand miles to the south-west of the Rio Tinto-Zinc group's Bougainville Island mine and is also in an area where the annual rainfall can go up to 400 inches.

Like Bougainville, copper grades are low at Ok Tedi but the latter has the advantage of a gold cap containing some 34m tonnes of ore grading 2.88 grammes gold per tonne. Mining operations are expected to start on this cap in 1984 and should provide a good initial cash flow.

Copper will also be mined as from about 1986 when, hopefully, copper prices will be considerably higher than they are today. The gold ore is expected to be exhausted in about 1989 when copper mining will be stepped-up.

In all, Ok Tedi is expected to have a working life of some 25-30 years. But it will represent a major technical challenge every bit as great as that taken on at Bougainville.

SPAIN

February 11	Price %	+ or —
Banco Bilbao	340	
Banco Central	362	
Banco Exterior	321	—3
Banco Hispano	322	—3
Banco Ind. Cat.	115	
Banco Santander	361	—1
Banco Urquijo	226	
Banco Vizcaya	386	—3
Banco Zaragoza	238	
Dragados	180	+2
Espanola Zinc	64	+1
Fecsa	62.5	+0.8
Gal. Preciados	47	
Hidrola	67	
Iberduero	51	
Petroleos	102	—2.5
Petroliber	94	
Sogefisa	16	—1
Telefonica	73	—0.5
Union Elect.	66	—0.8

THE TRING HALL USM INDEX

115.8 (+0.2)

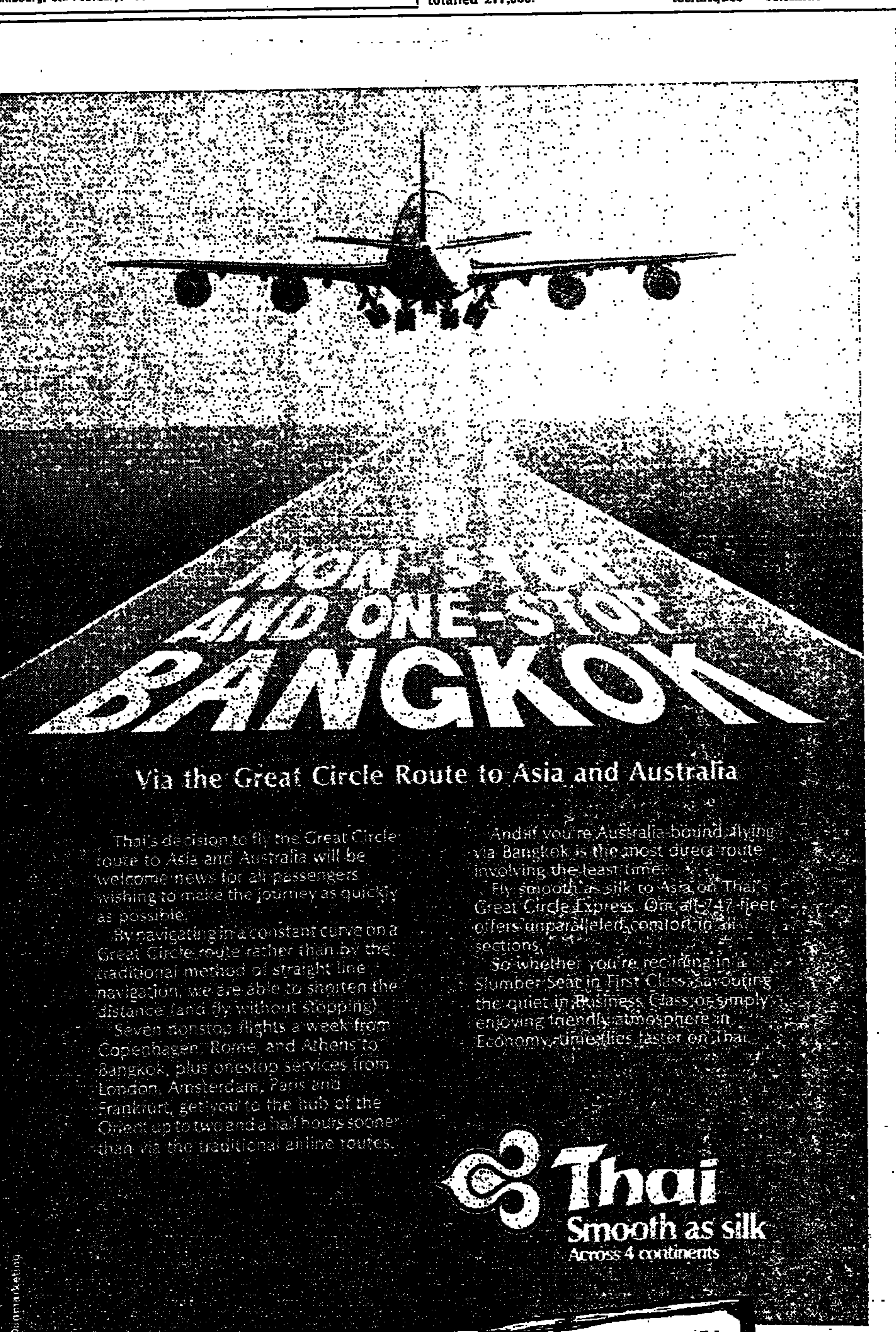
close of business 11/2/82

BASE DATE 10/11/80 100

Tel: 01-638 1591

LADBROKE INDEX

Close 571-576 (—2)



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Mining Supplies incurs £0.68m loss halfway

FOR THE six months to October 31 1981 Mining Supplies plunged into the red, incurring a pre-tax loss of £677,000, compared with a profit of £2.37m for the same period a year ago.

However, Mr A. Snipe, the chairman, points out that the results now include those of Laurence Scott and its subsidiaries and consequently, there is no direct comparison between the two halves.

The Laurence Scott division has continued as a loss-maker but since its acquisition a severe rationalisation programme has been carried out with an encouraging reduction in losses and an improved reduction in bank borrowings.

With the very positive steps now taken the directors look forward to an overall improvement in the second half which should give the group a firm base to encourage customer support that has been lost through the recent difficult period.

Mr Snipe says the overall performance was a little better than expected, bearing in mind the difficulties experienced with the reduced levels of business in certain areas.

Turnover of the group, a designer, manufacturer, importer and exporter of modern mining machinery, showed a sharp rise to £29.27m, against £14.09m.

The taxable loss was struck after interest charges of £831,000, compared with credit of £76,000 and depreciation of £995,000 (£464,000). However, there was no tax charge (£1.19m) and after extraordinary credits this time of £681,000 the company moved back into the black at the attributable level with a profit of just £4,000 (£1.19m).

The extraordinary items comprise £1.13m received on settlement of damages claim, £496,000 closure and rationalisation costs and £49,000 being a surplus on the sale of a subsidiary.

As in previous years there is again no interim dividend — a single payment of 2p net was paid for 1980-81.

The mining supplies division continued to perform reasonably well during the half year. Sales were lower at £10.59m and profit was £548,000, the result of the continuing low demand for mining equipment within the UK. Exports in the mining business were maintained at a reasonable level. As the contracts are of a high value and longer term the benefits from this business will be reflected in the second half.

New business is being achieved as a result of the acquisition of Laurence Scott, especially in export markets, and more particularly in electronic developments used for health monitoring systems embodied within mining machinery.

The Agovox subsidiary was disposed of during the six months.

● **comment**

In the six months up to last May Mining Supplies made substantial profits, only to see them extinguished by losses incurred in Laurence Scott (incautiously acquired for £6m cash at the end of 1980). Things at Scott have since improved. Shrinking the Scott business down to size has imposed some costs below the line, but these were more than offset by the sale of Scott's Agovox subsidiary and a £1.1m payment received in settlement of a conspiracy action. The cutbacks have apparently reduced the rate of loss in Scott by almost 80 per cent over the past six months. Unfortunately, turnover in Mining Supplies' original business has dropped by around a quarter since last year, under the influence of the NCE moratorium. Trading profits responded with a fall of more than 75 per cent. Thanks to its absorption of Scott, group income gearing for the first half was 540 per cent. Gearing is said to be headed downwards, and the pattern of mining exports should lead to a bigger trading surplus in the second half. But earnings seem likely to be modest. The shares, which touched 180p last year, slipped 3p to 104p.

Martin Ford £143,000 cut in profit

THE DIFFICULT trading conditions referred to by Martin Ford at the interim stage continued through the second six months and for the full year to November 28 1981 the company returned pre-tax profits well down at £101,087, compared with £243,860 previously.

Rising overheads and a fall in interest received were other factors contributing to the setback in profits.

Despite the general uncertainties still prevailing, the directors have declared a final dividend of 0.65p net—the interim payment was passed. Last year an interim of 0.65p was followed by a final, also of 0.65p.

Full-year turnover, including VAT, edged ahead from £6.43m to £7.07m—the company is a retailer of ladies' separates and outerwear.

Profits at the attributable level emerged at £150,968, against £287,565, after taking account of a tax credit of £64,619 (£43,705) and an extraordinary debit this time of £14,738. Ordinary dividend payments absorb £101,562 (£203,124).

Stated earnings per 10p share declined from 1.84p to 1.06p.

CCA adjustments turn the taxable surplus into a deficit of £120,928 and on the same basis there was a loss per share of 0.36p.

At the six months' stage pre-tax profits had fallen back from £101,326 to £43,673 and the directors said uncertainties made it difficult to forecast the outcome for the year.

Dale Electric rises to £301,000 midway

IN LINE with Dale Electric International's predictions of improving prospects, the first half taxable profits to October 25 1981 jumped by almost one half from £205,000 to £301,000. Turnover for the six months rose from £11.2m to £13.21m, while the largest increase was in the outstanding order book which stood at £29m compared with £14m.

And despite an increase in stated earnings per 10p share to 2.13p (1.54p) the net interim dividend of this Yorkshire-based electric generating set manufacturer is being maintained at 0.7p. Last year a total of 2.5p was paid from pre-tax profits of £459,000 (£1.31m).

Mr Leonard H. Dale, chairman, says: "The improving trend predicted in my last statement is now beginning to show through. The current strong order book has been achieved at the cost of a reduction in margins from the all-time highs of 1978-79. In recent months, however, there has been a steady trend towards improved margins."

The performance at Dale Electric, the generating set company, improved during the first half. The three-day week at Houchin, the aerospace ground power manufacturer, affected its turnover and profits, though it is now back on a five-day week.

The 1981 overseas acquisitions, in Mexico and France, are both fulfilling expectations says Mr Dale and he looks forward to steadily increasing returns from them.

Although trading remains difficult, the directors see a continuation of the positive trend, particularly in the second half, which is traditionally a stronger one, Mr Dale adds.

The taxable profits were struck after interest charges of £385,000 (£284,000), and with nil tax (same) and minority interests and extraordinary debits of £44,000 (nil) the attributable profits emerged at £257,000 (£205,000).

● **comment**

Dale's 47 per cent profits increase represents the beginning of recovery but a return to the level of profitability of three years ago is still a long way off. The overseas market, which accounts for about three-quarters of sales, is more buoyant and Dale has been helped by the weakening of U.S. competition. The doubling of the order book is largely due to the £12m order gained by Houchin, with its business of airfield supplies no doubt benefiting from the Iran-Iraq war. The order book was further boosted by yesterday's gain of a £2.1m order from Nigeria. In the last two years Dale has been chasing orders at any price but they are now in a position to pick and choose. Kingston Computers has cost the company £¾m (with a £35,000 loss in this period) since it was acquired 18 months ago. The company now intends to sell Kingston. The French and Mexican acquisitions are washing their faces and have contributed to profits. Gearing has fallen below 50 per cent and on the acquisitions front, Dale feels it should be manufacturing in Nigeria. At 77p the historic yield is 4.7 per cent, but with full-year pre-tax profits of £1m on the cards, a rise in the final is a distinct possibility.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Second Alliance Trust.

Finals:—Alexanders Holdings, Brooke Tool Engineering, Plastic Constructions, Renown Inc., Wagon Finance.

FUTURE DATES

Interims:—	
Apex Properties	Feb 15
Consolidated Plantations	Feb 18
Eleco	Feb 24
Sime Darby	Feb 18
Finals:—	
Laing Properties	Mar 24
Mercantile Investment Trust	Mar 2
Ransomes Sims and Jefferies	Mar 4
Sharpe (W. N.)	Mar 4
Transport Development	Mar 15

Lowland Drapery improves

ALTHOUGH LOSSES after tax shown at Lowland Drapery are not a satisfactory result, the directors say it is nevertheless a material improvement on both the immediately preceding period and the comparative period. The pre-tax deficit has been reduced from £168,300 to £50,900.

The directors point out that, as indicated last September, the company's accounting period end has been altered from December 31 1981 to May 31 1982, hence the need for a further set of interim figures for the six months to November 30 1981.

The directors hope that steps taken, and being taken, by the new board wil result in the improvement being maintained.

There is no interim dividend (same) for this wholesale and retail textile warehouseman. The loss per ordinary 25p share was given as 0.65p, an improvement on the previous loss of 5.16p.

Turnover was marginally down at £2.37m against £2.48m last time. Pre-tax losses were struck after higher depreciation of £62,000 (£44,500) and lower interest charges of £39,800 (£79,700). There were reduced tax credits this time of £9,300, compared with £46,500.

NORTHERN AMERICAN TRUST

The Northern American Trust has been granted listing for 98,805 ordinary shares of 25p each, which have been issued against conversion of £111,017 5 per cent convertible unsecured loan stock 1992-97, with effect from February 1, 1982.

Christy Bros. advances to £25,000 in first half

IN THE first half to December 31, 1981, mechanical and electrical engineer Christy Brothers made taxable profits of £25,000 compared with losses last time of £54,000—and second half profits of £203,000 in the previous year. Turnover for the six months fell from £2.49m to £1.86m.

The interim dividend is again being missed—the last distribution by the company was the interim in 1978-79. Earnings per 25p share are given as 1.2p (2.7p losses).

Although the results show some improvement on those of the previous half year, the directors say sales and profits were below anticipated levels. The order intake shows no improvement and therefore it is not possible to foresee with any certainty the likely outcome of the year's trading, they add.

Pre-tax profits were struck after lower interest charges of £111,000 (£142,000), following further progress on the management of assets. There was no tax charge and the attributable profits emerged at £21,000 (£77,000 losses) after extraordinary debits of £4,000 (£23,000).

The directors say that the group's Chelmsford site was advertised for sale—in part and as a whole—but the offers received, although confirming the book value, were not sufficiently attractive to enable the company to move to more suitable premises. They therefore decided to vacate the front third of the site and try to let the accommodation there.

Hampson Inds. downturn

TAXABLE PROFITS of Hampson Industries for the half year to September 30 1981 dropped from £217,000 to £169,000. Turnover was down at £7.02m against £8.37m previously.

This holding company in the engineering, manufacturing and industrial cleaning industries, is holding the net interim dividend of 0.25p per 5p share. A final of 0.5p was paid last year out of profits of £544,496. Net earnings per share are stated as 0.38p against 0.48p.

Mr John Wardle, chairman, points out that he made it clear in the year-end report and at the annual meeting that life continued to be far from easy.

"During the six months a number of our companies faced a reduction in demand more severe than at any time in our history and against this background I am by no means unhappy with the interim figures," he says.

He also says that the difficulties first encountered by the engineering industry towards the middle of 1980 continued throughout 1981.

He predicts, however, that in the absence of unforeseen circumstances, the second half of the current year should show a material improvement over the first.

But he says this should not be interpreted as an indication of "figures comparable to the—in my view—remarkable results in the second half of last year."

He adds that present indications are that the company may be able to look forward with cautious optimism to the next financial year, although he will be in a better position to be positive in August.

DOUGLAS

ROBERT M. DOUGLAS HOLDINGS PLC

Civil Engineering and Building Contractors

INTERIM STATEMENT 1982

The unaudited results for the half year to 30th September, 1981, are as follows:

	1981 £'000	1980 £'000	Year to 31 Mar 81 £'000
Turnover	53,658	52,798	103,789
Trading profit before depreciation	2,423	2,621	6,028
Depreciation	1,676	1,499	3,043
Profit before taxation	747	1,122	3,049
Taxation	242	309	(559)
Profit attributable to members	505	813	3,344
Earnings per share	5.0p	8.0p	35.7p

It is group practice to incorporate interim profits of associated companies only to the extent of any dividends received from those companies.

Although the results are somewhat disappointing, the Group entered the second half of the financial year with a substantially increased workload in construction and in specialist sub-contracting. Most contracts were taken at keen margins, but it is encouraging to be able to report the improvement in work obtained.

Basically Group profits have been hit by the reduction in total demand in the UK for the goods and services supplied by our Construction Equipment Division and in Plant Hire, although overseas companies in the Division enjoyed more buoyant trading conditions. The benefits of the reorganisation in the Specialist Contracting Division have not yet materialised, and the Division operated at a loss during the six months.

The Construction Division profits were greatly improved compared with the corresponding period last year, although substantial loss provisions have been made on two public sector contracts of R M Douglas Construction Ltd. No doubt some of these provisions are recoverable in due course in settlement of final accounts. There are prospects of further improvement in the Division's overseas order books, albeit in markets which remain highly competitive.

A scrip issue of one for two ordinary shares was made on 9th October, 1981. The Board have declared an interim dividend of 0.75p (1981 1.1p) per ordinary share payable on 8th April, 1982 to members on the register at the close of business on 16th March, 1982. Subject to unforeseen circumstances it is anticipated that the dividend for the full year will be in the order of 3.5p.

11th February, 1982

JOHN DOUGLAS, *Chairman*

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

[illegible]

CURRENCIES, MONEY and GOLD

$ & £ steady

Dollar was little changed in quiet foreign exchange trading, with the high level of Federal funds regarded as a book squaring operation ahead of the long holiday weekend in the U.S. The recent statement by Mr Paul Volcker, chairman of the Federal Reserve Board, was seen as an indication that the U.S. authorities do not intend to push up interest rates, although any optimism was probably tempered by Mr Volcker's comment yesterday that the U.S. Budget deficit poses a major hazard to financial markets.

Sterling was also fairly steady, trading within a narrow range throughout.

French franc remained firm at the top of the European Montary System, despite the steady reduction in Paris interest rates this week.

DOLLAR — Trade-weighted index (Bank of England) 112.0 against 112.1 on Wednesday, and 114.2 six months ago. Three-month Treasury bills 14.08 per cent (*14.96 per cent six months* ago). Annual inflation rate 8.9 per cent (9.6 per cent previous month).—The dollar was unchanged at DM 2.3660 against the D-mark, but eased to FFr 6.0050 from FFr 6.0075 against the French franc; to Y235.75 from Y236.25 in terms of the Japanese yen; and to SwFr 1.8975 from SwFr 1.9025

STERLING — Trade-weighted index was unchanged all day at 91.6, compared with 90.2 six months ago. Three-month interbank 14⅞ per cent (14$\frac{5}{16}$ per cent six months ago). Annual inflation 12 per cent (unchanged from previous month).—The pound rose to DM 4.38 from DM 4.3750, and to FFr 11.1050 from FFr 11.0950, but fell to *SwFr 3.51 from SwFr 3.5175, and* to Y436 from Y436.50. It opened at $1.8525 against the dollar, and touched a peak of $1.8550-1.8560, before falling to $1.8470-1.8480 in the afternoon. Sterling closed at $1.8490-1.8500, a rise of 20 *points on* the day.

D-MARK — EMS member (second weakest). Trade-weighted index was unchanged at 121.2 compared with 114.2 six *months ago*. Three-month interbank 10.225 (12.95 six months ago). Annual inflation 6.3 per cent (unchanged from previous month)—The D-mark showed a *similar* trend to the lira at the Frankfurt fixing, rising against two members of the EMS, falling against three, and recording no change at DM 1.8730 per 100 lira *against the* Italian currency. The D-mark was also unchanged at the Milan fixing. There was no indication of intervention by the Bundesbank on the open market, *and the German* central bank was not active when the dollar fell to DM 2.3620 from DM 2.3665 at the fixing. Sterling eased to DM 4.3750 from DM 4.3780.

DUTCH GUILDER — EMS member (second strongest). Trade-weighted index was unchanged at 113.7 compared with 106.4 six months ago. Three-month interbank 10$\frac{3}{16}$ per cent (13¾ per cent six months ago). Annual inflation 6.9 per cent (7.2 per cent previous month)—The guilder weakened against two members of the EMS at the Amsterdam fixing, but improved against four. The D-mark eased to Fl 1.0971 from Fl 1.0974, and the French franc to Fl 43.215 per 100 guilders from Fl 43.26.

ITALIAN LIRA—EMS member (central position). Trade-weighted index was unchanged at 55.1, compared with 57.0 six months ago. Three-month interbank 21$\frac{7}{16}$ per cent (32¼ per cent six months ago). Annual inflation 17.3 per cent (17.9 per cent previous month)—The lira rose against two members of the EMS at the Milan fixing, but lost *ground against three, and* was unchanged against the D-mark at L534.63. The dollar fell to L1,261.80 from L1,264.55, sterling to L2,336.10 from L2,340.60, and the Swiss franc to L665.50 from L666.61.

THE POUND SPOT AND FORWARD

Feb 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8470-1.8560	1.8490-1.8500	0.22-0.32c dis	−1.75	0.76-0.86dis	−1.75
Canada	2.2350-2.2450	2.2365-2.2375	0.10-0.20c dis	−0.80	0.65-0.80dis	−1.30
Nethlnd.	4.78½-4.81½	4.79¼-4.80¼	1½-1⅛c pm	3.76	5¼-4⅝ pm	4.06
Belgium	74.40-74.80	74.50-74.60	18-38c dis	−4.18	64-84 dis	−3.57
Denmark	14.31-14.35	14.31½-14.32½	1⅝-2⅝ore dis	−1.83	5-7⅛ dis	−1.87
Ireland	1.2390-1.2460	1.2435-1.2450	0.37-0.48p dis	−4.10	1.24-1.35dis	−4.18
W. Ger.	4.36½-4.39½	4.37½-4.38½	1⅝-1⅛pf pm	3.77	4⅝-4⅛ pm	3.99
Portugal	127.25-128.25	127.45-127.75	40-160c dis	−9.40	140-405 dis	−8.54
Spain	184.50-185.25	184.60-184.80	par-25c dis	−0.81	65-95 dis	−1.73
Italy	2,333-2,340	2,334-2,336	11-14 lire dis	−6.42	43-46 dis	−7.62
Norway	11.02-11.06	11.02½-11.03½	2½-1¼ore pm	2.04	2½-1¼ pm	0.68
France	11.08-11.13	11.10-11.11	¼-1⅛c dis	−0.67	2¼-3¼ dis	−0.99
Sweden	10.62-10.66	10.64-10.65	⅝ore pm-⅛ dis	0.28	3⅝-2⅞ pm	1.22
Japan	434-440	435½-436½	2.85-2.55y pm	7.43	8.85-8.35 pm	7.80
Austria	30.65-30.75	30.67-30.72	15½-12gro pm	5.37	42-38½ pm	5.24
Switz.	3.49½-3.52½	3.50½-3.51½	2-1¼c pm	5.98	5¼-4⅝ pm	5.70

Belgian rate is for convertible francs. Financial franc 82.75-82.85. Six-month forward dollar 1.42-1.52c dis; 12-month 2.40-2.60c dis.

THE DOLLAR SPOT AND FORWARD

Feb 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8470-1.8560	1.8490-1.8500	0.22-0.32c dis	−1.75	0.76-0.86dis	−1.75
Ireland†	1.4840-1.4930	1.4875-1.4895	0.35-0.25c pm	2.42	0.95-0.85 pm	2.42
Canada	1.2090-1.2125	1.2090-1.2095	0.08-0.05c pm	0.64	0.17-0.12 pm	0.48
Nethlnd.	2.5895-2.5950	2.5900-2.5930	1.22-1.12c pm	5.41	3.85-3.75 pm	5.86
Belgium	40.21-40.34	40.32-40.34	2-6c dis	−1.19	17-21 dis	−1.88
Denmark	7.7265-7.7510	7.7400-7.7500	0.10-0.25ore dis	−0.27	0.25-0.55dis	−0.21
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

[illegible]

CURRENCY RATES

[illegible]

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

OTHER CURRENCIES

Feb. 11	£	$		£ Note Rates
Argentina Peso	[illegible]	[illegible]	Austria	[illegible]
Australia Dollar	1.7005-1.7025	0.9190-0.9195	Belgium	83.40-83.40
Brazil Cruzeiro	251.85-252.85	136.07-136.75	Denmark	14.27-14.42
Finland Markka	8.323-8.338	4.5040-4.5060	France	11.05-11.15
Greek Drachma	110.414-113.784	60.75-60.95	Germany	4.35-4.40
Hong Kong Dollar	10.89¼-10.91¼	5.88 75-5.8925	Italy	2320-2400
Iran Rial	150.00*	81.40*	Japan	437-441
Kuwait Dinar (KD)	0.525-0.531	0.2852-0.2853	Netherlands	4.78-4.82
Luxembourg Fr.	74.50-74.60	40.32-40.34	Norway	11.00-11.11
Malaysia Dollar	4.2850-4.2950	2.3155-2.3175	Portugal	124½-131½
New Zealand Dlr.	2.3265-2.3305	1.2575-1.2585	Spain	184½-194½
Saudi Arab. Riyal	6.30-6.36	3.4195-3.4215	Sweden	10.62-10.72
Singapore Dollar	3.9110-3.9210	2.1135-2.1155	Switzerland	3.49-3.53
Sth. African Rand	1.8200-1.8220	0.9840-0.9850	United States	1.84½-1.86½
U.A.E. Dirham	6.77-6.83	3.6715-3.6735	Yugoslavia	96-102

† Now one rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 11	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	40.7572	41.6979	+2.31	+1.20	±1.5368
Danish Krone ...	7.91117	8.02101	+1.39	+0.28	±1.6412
German D-Mark	2.40989	2.44852	+1.60	+0.49	±1.1077
French Franc ...	6.17443	6.21687	+0.69	−0.42	±1.3733
Dutch Guilder ...	2.66382	2.68628	+0.84	−0.27	±1.5063
Irish Punt	0.684452	0.695283	+1.58	+0.47	±1.6688
Italian Lira	1300.67	1308.69	+0.62	+0.33	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for February 11 .... 0.560136

EXCHANGE CROSS RATES

Feb. 11	Pound St'rling	U.S. Dollar	Deutschem'k	Japan'se Yen	FrenchFranc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.850	4.380	456.0	11.106	3.516	4.800	2355.	2.237	74.55
U.S. Dollar	0.541	1.	2.368	235.7	6.004	1.898	2.595	1263.	1.210	40.31
Deutschemark	0.228	0.422	1.	99.54	2.535	0.801	1.096	533.1	0.511	17.02
Japanese Yen 1,000	2.294	4.242	10.05	1000.	25.47	8.050	10.01	5356.	5.131	171.0
French Franc 10	0.900	1.665	3.944	392.6	10.	3.161	4.322	2103.	2.014	67.13
Swiss Franc	0.285	0.527	1.248	124.2	3.164	1.	1.368	665.2	0.637	21.24
Dutch Guilder	0.208	0.385	0.912	90.83	2.314	0.731	1.	486.5	0.466	15.53
Italian Lira 1,000	0.428	0.792	1.876	186.7	4.756	1.504	2.056	1000.	0.958	31.93
Canadian Dollar	0.447	0.827	1.958	194.9	4.964	1.569	2.146	1044.	1.	33.33
Belgian Franc 100	1.348	2.481	5.875	584.8	14.90	4.708	6.439	3132.	3.001	100.

FT LONDON INTERBANK FIXING (11.00 a.m. FEBRUARY 11)

3 months U.S. dollars		6 months U.S. dollars	
bid 16 5/16	offer 16 7/16	bid 16 5/16	offer 16 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Feb. 11	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark.	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14¼-14½	15¾-16	13½-14½	10⅛-10¼	3½-4	9½-10⅛	14¼-14¾	—	14-15	6-6⅛
7 days' notice	14¼-14½	15⅞-16⅛	13½-14½	10⅛-10¼	4-4⅛	10-10⅛	14¼-14¾	19½-21½	13½-15	6-6⅛
Month	14$\frac{7}{16}$-14$\frac{9}{16}$	15$\frac{15}{16}$-16$\frac{1}{16}$	15⅜-15¾	10⅛-10¼	7$\frac{11}{16}$-7$\frac{13}{16}$	10$\frac{1}{16}$-10$\frac{3}{16}$	14¼-14¾	20¾-21¾	16½-17¾	6$\frac{1}{16}$-6$\frac{3}{16}$
Three months ..	14⅝-14¾	16⅛-16⅜	15⅝-16	10$\frac{3}{16}$-10$\frac{5}{16}$	8$\frac{5}{16}$-8$\frac{7}{16}$	10$\frac{5}{16}$-10$\frac{7}{16}$	15-15½	22⅛-22¾	17¾-18¾	6$\frac{3}{16}$-6$\frac{5}{16}$
Six months.......	14$\frac{11}{16}$-14$\frac{13}{16}$	16⅛-16⅜	15⅞-16¼	10$\frac{5}{16}$-10$\frac{7}{16}$	8¾-8⅞	10$\frac{3}{8}$-10$\frac{1}{2}$	15-15½	22⅝-23⅜	18¼-19	6$\frac{5}{16}$-6$\frac{7}{16}$
One Year......	14¾-14⅞	16-16¼	16⅛-16½	10$\frac{5}{16}$-10$\frac{7}{16}$	8$\frac{5}{16}$-8$\frac{7}{16}$	10$\frac{5}{16}$-10$\frac{7}{16}$	16⅜-16⅞	22¾-23¾	17⅞-18⅝	7-7⅛

SDR linked deposits: one month 13$\frac{9}{16}$-13$\frac{11}{16}$ per cent; three months 13½-13⅞ per cent; six months 13$\frac{13}{16}$-14$\frac{3}{16}$ per cent; one year 13$\frac{13}{16}$-14$\frac{3}{16}$ per cent.

ECU linked deposits: one month 13¼-13⅝ per cent; three months 13$\frac{11}{16}$-14$\frac{1}{16}$ per cent; six months 13⅞-14¼ per cent; one year 13$\frac{15}{16}$-14$\frac{5}{16}$ per cent.

Asian $ (closing rates in Singapore): one month 16-16⅛ per cent; three months 16¼-16⅜ per cent; six months 16$\frac{5}{16}$-16$\frac{7}{16}$ per cent; one year 15⅞-16 per cent.

Long-term Eurodollar two years 16-16¼ per cent; three years 16⅛-16⅜ per cent; four years 16¼-16½ per cent; five years 16¼-16½ per cent nominal closing rates.

The following rates were quoted for London dollar certificates of deposit: one-month 15.70-15.80 per cent; three months 15.90-16.00 per cent; six months 15.90-16.00 per cent; one year 15.90-16.00 per cent.

MONEY MARKETS

UK rates steady

London clearing bank base *lending rates 14 per cent* (since January 25)

Interest rates showed little overall change in the London money market yesterday. Longer term rates eased a 16th of a point where changed while short-term rates hardened, reflecting the rather tight conditions late in the day. Overnight interbank rate opened at 14½-14⅝ per cent *and eased to* 13½-13¾ per cent before closing at 20 per cent. One week money was quoted at 14½-14⅝ per cent against 14¼-14½ per cent while the three-month rate was slightly easier at 14½-14⅝ per cent compared with 14⅝-14¾ per cent.

The Bank of England gave a forecast of a shortage of around £250m, with bills maturing in official hands and a net take up of Treasury bills accounting for £495m, offset by Exchequer transactions of £145m and bankers balances above target of £40m. The Bank gave assistance in the morning of £256m, comprising purchases of £5m of eligible bank bills in *band 1 (up to 14 days)* at 13⅞ per cent and £113m in band 2 (15-33 days) at 13$\frac{13}{16}$ per cent. In band 3 (34-63 days) it bought £2m of Treasury bills at 13¾ per cent and £26m of eligible bank bills also at 13¾ per cent. In *band 4 (64-91 days) it bought* £110m of eligible bank bills at 13¾ per cent. The early forecast was later amended to a shortage of £300m before taking into account the morning's help and the Bank gave further assistance in the afternoon of £57m, making a grand total of £313m.

The afternoon help comprised purchases in band 1 of £2m of Treasury bills and £10m of eligible bank bills, all at 13⅞ per cent. In band 2 it bought £39m of eligible bank bills at 13$\frac{13}{16}$ per cent and in band 3 £6m of eligible bank bills at 13¾ per cent.

In Paris the Bank of France cut its money market intervention rate when it bought first category paper from the market at 14½ per cent. The rate was previously set at 14¾ per cent. At the same time call money fell to 14½ per cent from 14⅝ per cent, the third reduction this week. Interest rates are now at their lowest level since before the French Presidential elections held last May.

In Frankfurt call money was quoted at 10.05 per cent unchanged from Wednesday as liquidity levels remained adequate. Special Lombard borrowings fell to DM 3.9bn on Wednesday from DM 4.7bn on Tuesday with many banks coping well towards February's minimum reserve requirements. However, tax payments are likely to drain funds next week and the Bundesbank has so far not replaced the unwinding on Monday of a DM 4.5bn repurchase facility.

MONEY RATES

NEW YORK

Prime rate	16½
Fed. funds	15⅞-16¼
Treasury bills (13-week)	14.08
Treasury bills (26-week)	13.85

GERMANY

Special Lombard	10.00
Overnight rate	10.05
One month	9.65
Three months	10.25
Six months	10.25

FRANCE

Intervention rate	14.50
Overnight rate	14.50
One month	14.4375
Three months	14.5625
Six months	14.625

JAPAN

Discount rate	5.50
Call (unconditional)	6.59375
Bill discount (three-month)	6.59375

GOLD

Slight fall

Gold fell $1 to $380-381 in the London bullion market yesterday. It opened at $384½-385½, the highest level of the day, and fell to a low of $378-379. The metal was fixed at $381.50 in the morning and *$380.00 in the afternoon*.

In Paris the 12½-kilo gold bar was fixed at FFr 73,000 per kilo ($378.83 per ounce) in the afternoon, compared with FFr 73,400 ($379.58) in the morning, and FFr 73,500 ($380.53) Wednesday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 29.065 per kilo ($383.02 per ounce) against DM 29.235 ($383.99) *previously*, and closed at $381-382, compared with $381½-382½.

In Luxembourg the 12½-kilo bar was fixed at the equivalent of $384.25 per ounce.

In Zurich gold finished at $380-383, against $381-384.

	Feb. 11		Feb. 10	
Gold Bullion (fine ounce)				
Close	$380-381	(£205-205½)	$381-382	(£205½-205⅝)
Opening	$384½-385½	(£207½-208)	$381½-382½	(£206¼-205¾)
Morning fixing	$380	(£205.782)	$382.50	(£206.755)
Afternoon fixing	$380	(£205.405)	$382.15	(£206.679)
Gold Coins				
Krugerrand	$392-393	(£211¾-212¼)	$394½-395½	(£213½-214)
1/2 Krugerrand	$205-206	(£110¾-111¼)	$203-204	(£109¾-110¼)
1/4 Krugerrand	$104-105	(£56¼-56¾)	$103-104	(£55¾-56¼)
1/10 Krugerrand	$42-43	(£22¾-23¼)	$42¼-43¼	(£22¾-23¼)
Mapleleaf	$393-394	(£212¼-212¾)	$395½-396½	(£214-214½)
New Sovereigns	$93½-94	(£50½-50¾)	$93½-94	(£50½-50¾)
King Sovereigns	$109-110	(£58¾-59½)	$109-110	(£59-59½)
Victoria Sovs.	$109-110	(£58¾-59¼)	$109-110	[illegible]
French 20s	$91-101	(£49¼-54½)	$91½-101½	(£49½-55)
50 pesos Mexico	$473-475	(£255½-256)	$474½-476½	(£255¾-257¼)
100 Cor. Austria	$371-373½	(£200⅛-201¾)	$372-374¾	(£201¼-202¾)
$20 Eagles	$511-517	(£276-279¼)	$510-515	(£275¾-278½)

LONDON MONEY RATES

Feb. 11 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	13½-20	14-14⅛	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 days notice	—	—	14⅛-14¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days or	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 15¼ per cent; four years 15 per cent; five years 15 per cent. Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills [illegible] per cent; four months trade bills [illegible] per cent.

[illegible]

Finance Houses Base Rates (published by the Finance Houses Association) [illegible] per cent. London Clearing Bank Deposit Rates for sums at seven days' notice [illegible] per cent. Treasury Bills: Average tender rates of discount [illegible] per cent.

Pemex to raise $2bn in Euromarkets operation

BY PETER MONTAGNON

MEXICO'S State-owned oil company, Pemex, is to raise $2bn through a four-year credit in the Euromarkets. The deal is the second major Mexican borrowing of this year after a $400m credit for the agriculture bank, Banrural, announced in January.

The margins on the Pemex credit are much simpler than on the Banrural deal, which offered lenders a choice of four alternatives. But once again they underline that Mexico, which has a $20bn gross foreign borrowing requirement this year, is having to pay considerably more for its money.

Banks are offered a margin of ⅝ per cent over London inter-bank offered rate (Libor) for the Pemex deal or one of ⅜ per cent over U.S. prime. The loan can be renewed at the discretion of lenders after four years, in which case Pemex will pay a ¼ per cent renewal fee.

This contrasts with the Banrural deal in which a differential of ¼ per cent was established between the prime and Libor margins. Bankers say that such a wide differential, which is also now being applied by Brazil, has proved less successful than expected, especially now that prime and Eurodollar rates have tended to converge.

About $1bn of the Pemex credit represents consolidation of the company's large short-term borrowings which were increased heavily last year because of lower than expected oil revenues.

Six major banks have already agreed to underwrite $100m for the Pemex credit. They are Arab Banking, Banamex, Citicorp, Credit Lyonnais, Industrial Bank of Japan and Manufacturers Hanover. They are seeking a total of 20 lead managers to underwrite $100m apiece.

Pemex hopes to draw the funds by early April. In an unusual move, it will be revealing details of its 1981 performance in presentations to banks around the world next week. Normally no details are available on a previous year's performance until March 18, the anniversary of Mexico's nationalisation of its oil interests.

Greece seeks $400m credit

BY DAVID TONGE

GREECE'S new socialist government has made its first approach to the Euromarket, seeking a $400m eight to 10-year syndicated credit. The loan, which will provide the first measure of international financial confidence in Dr Andreas Papandreou's government, forms part of the $1bn which the public sector needs to borrow abroad this year, according to Mr Gerasimos Arsenis, governor of the Bank of Greece.

In an interview yesterday he said Greece's current account deficit should be around $2.5bn in 1982. This is about the same as last year when the public sector raised $1.5bn from banks and bodies such as the European Investment Bank.

This year the Government is expecting increased receipts from the Common Market, around 600m units of account, as well as help from increased production from its small new oilfields. The new loan is being arranged by the Bank of Greece. Last year the bank arranged a similar loan for a split spread of ⅝ per cent for the first five years and ¾ per cent for the second five years.

Some European banks consider the change of government as a reason for increasing the spread, particularly given the sharp drop in Greece's reserves in the past year. But Mr Arsenis says that reserves have only fallen from $1bn to $950m since the present Government came to power in October. The country's debt service ratio is low, around 9 to 10 per cent last year and is expected to be lower this year.

Mr Arsenis insists that whereas a year ago the economic situation was deteriorating, today the Government is determined to restore business confidence and to hold back public expenditure. Last year the public sector borrowing requirement totalled 12 to 13 per cent of gross national product, while inflation reached 25 per cent. The new Government has so far moved slowly in its four months in office but is shortly to introduce a sharply restrictive budget.

The situation it inherited has caused it to shelve a number of its more costly plans and only partially to index wages — a campaign promise. Its plans of "socialising" industry do not mean changes of ownership but involve putting union and government representatives on the board of several major firms. The Government has been making contact with a number of Greek businesses to try and calm their fears.

Two weeks ago one minister announced that an Exxon refinery was to be nationalised, a move welcomed by party followers. It was only the next day that it turned out that the firm had made clear that it wished to be taken over, by which time some ministers had expressed anxiety at the harm that might have been done to the Government's standing abroad. However the real test of its intentions has yet to come and will be shown when the budget is tabled

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday February 16. Closing prices on February 11

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 88	100	102¼	102¾	+0¼	+0¼	15.81
APS Fin. Co. 17⅛ 86	60	103⅝	104⅛	+0⅛	+0⅛	15.93
Armco O/S Fin. 15⅝ 86	50	98⅜	98⅞	0	+0⅛	15.63
Bank Montreal 16⅛ 91	150	99⅝	100⅛	0	−0⅛	16.24
Br. Colum. Hyd. 16⅛ 88	100	101⅛	101⅝	+0⅛	0	15.84
Br. Colum. Mis. 17 97	54	102½	103	+0⅛	0	16.45
Can. Nat. Rail 14⅜ 91	100	93⅛	93⅝	−0⅛	−0⅛	15.97
Caterpillar Fin. 16½ 88	100	102⅛	102⅝	+0⅛	+0⅛	15.68
CFMP 16⅛ 96	100	101⅛	101⅞	0	−0⅛	16.41
CIBC 16⅛ 91	100	101⅛	101⅝	+0⅛	+0⅛	16.35
Citicorp O/S 16⅛ 86	150	102½	103	+0⅛	0	15.79
Cities Service 17 88	150	102⅜	102⅞	+0⅛	−0⅛	16.24
Cons.-Bathurst 17½ 88	60	102⅜	102⅞	+0⅛	−0⅛	16.76
CPC Fin. 16⅛ 86	50	102½	103	+0⅛	−0⅛	15.77
Dupont O/S 14½ 88	400	96⅛	96⅝	0	−0⅛	15.32
EIB 16½ 88	100	100	100½	−0⅛	−0⅛	16.38
EIB 16⅛ 91	100	100⅞	101⅜	0	+0⅛	16.46
GMAC O/S Fin. 16½ 84	300	100½	101	+0⅛	+0⅛	16.02
Gulf States O/S 17½ 88	80	103⅜	103⅞	0	−0⅛	16.48
Japan Airlines 15⅞ 88	50	99⅜	99⅞	+0⅛	−0⅛	15.30
Nat. Bk. Canada 16⅞ 88	40	100⅛	100⅝	0	−0⅛	17.02
Nat. West 14⅜ 91	100	95⅛	95⅝	0	−0⅛	15.65
New Brunswick 17 88	80	104½	105	+0⅛	−0⅛	15.72
Newfoundland 17⅛ 89	60	106	106½	+0⅛	−0⅛	15.72
New & Lab. Hy. 17⅛ 89	75	103½	104	+0⅛	−0⅛	16.31
Ohio Edison Fin. 17½ 88	75	103⅝	104⅛	+0⅛	+0⅛	16.43
OKG 15⅜ 97	50	97⅛	97⅝	+0⅛	+0⅛	16.19
Ontario Hyd. 16 91 (N)	200	99⅝	100⅛	0	−0⅛	15.96
Pac. Gas & El. 15⅝ 89	80	98⅞	99⅜	+0⅛	+0⅛	15.95
Quebec Hydro 17⅛ 91	150	103½	104	+0⅛	−0⅛	16.39
Quebec Province 15⅜ 89	150	95	95½	+0⅛	−0⅛	16.33
Saskatchewan 16⅛ 88	100	100⅝	101⅛	−0⅛	−0⅛	15.97
Statsforetag 15⅝ 87	50	97⅛	98⅛	+0⅛	−0⅛	16.35
Sweden 14½ 88	150	92⅞	93⅜	0	−0⅛	16.20
Swed. Ex. Cred. 16½ 93	75	100⅛	100⅝	+0⅛	−0⅛	16.38
Tenneco Int. 17 89	100	103⅛	104⅛	0	0	15.99
Texas Eastern 15⅞ 88	75	98⅞	99⅜	+0⅛	−0⅛	16.12
Transcanada 17⅛ 88	75	105⅞	106⅜	+0⅛	+0⅛	16.12
Transcanada 16 89	100	98	98½	+0⅛	−0⅞	16.37
Walt Disney 15⅜ 86	100	101½	102	+0⅛	0	15.10
Winnipeg 17 88	50	103⅝	104⅛	+0⅛	+0⅛	15.69
WMC Fin. 15½ 88	50	96⅛	96⅝	+0⅛	−0⅛	16.38
World Bank 16 88	80	100	100½	+0⅛	−0⅛	15.88
World Bank 16½ 86	130	102⅜	102⅞	+0⅛	+0⅛	15.58
World Bank 16½ 88	100	101⅞	102⅜	+0⅛	+0⅛	15.92

Average price changes... On day +0⅛ on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	98⅞	99⅜	0	−1	10.12
Asian Dv. Bank 10⅜ 89	100	101⅞	102⅜	0	−0⅛	10.34
Australia 9⅜ 91	300	98⅞	99⅜	+0⅛	0	9.53
Belgelectric 11 91	100	100⅝	101⅛	−0⅛	−0⅛	10.81
CECA 10 91	120	100⅝	101⅛	+0⅛	0	9.87
Coun. of Europe 10 91	100	99⅞	100⅜	+0⅛	+0½	9.95
Coun. of Europe 10⅜ 91	100	100⅝	101⅛	+0⅛	+0⅛	10.07
FFC 10½ 93	100	100⅜	100⅞	−0⅛	−0⅛	10.02
EIB 9½ 90	200	92⅞	93⅜	0	+0⅛	9.76
EIB 10½ 91	200	102⅛	102⅞	+0⅛	−0⅛	10.04
Finland, Rep. of 10½ 86	100	100⅛	102½	+0⅛	+0⅛	10.18
Inter-American 10 91	100	99⅝	100⅛	+0⅛	−0⅛	9.97
Inter-American 10⅛ 91	100	100⅝	101⅛	+0⅛	+0⅛	10.07
Ireland 10⅛ 86	100	99⅞	100⅜	0	0	10.07
Japan Airlines 8½ 87	100	95⅜	95⅞	0	−0⅛	9.03
Midland Int. Fin. 8½ 90	180	93⅝	94⅛	+0⅛	0	9.53
Mt. Bk. Dnmk. 10⅝ 91	100	99⅞	100⅜	0	+0⅛	10.46
New Zealand 9⅝ 89	200	100⅛	100⅞	+0⅛	+0⅛	9.64
OKB 10⅛ 91	150	100½	101	−0⅛	+0⅛	9.99
Quebec Hydro 10⅜ 91	150	102	102½	+0⅛	+0⅛	9.87
Renault Acpt. 10⅜ 86	150	100	100⅝	+0⅛	−0⅛	10.60
Swed. Ex. Cred. 10⅜ 91	100	99⅜	99⅞	−0⅛	−0⅛	10.30
World Bank 10 91	250	101⅜	101⅞	+1⅛	+1⅛	9.74

Average price changes .. On day +0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	80	†93	93½	−0⅛	−0⅛	7.54
Asian Dev. Bank 8 90	80	100⅜	101	−0⅛	−0⅛	7.85
BFCE 6½ 91	100	94⅛	94½	+0⅛	−0⅛	7.37
Belgelectric Fin. 7⅜ 91	100	101¼	101½	+0⅛	−0⅛	7.53
Bell Canada 7⅜ 93	100	103⅜	104	0	−0⅛	6.75
Bergen, City of 6⅝ 91	40	98⅞	99⅜	+0⅛	−0⅛	6.80
Bat. de Autopistas 8 90	50	98⅜	98⅞	+0⅛	−0⅛	8.20
CECA 6⅝ 91	80	98⅛	98½	+0⅛	0	6.99
Dome Petroleum 5⅝ 91	100	92⅛	92½	+0⅛	−0⅛	6.92
Dome Petroleum 7⅛ 90	100	102½	102⅞	+0⅛	−0⅞	6.88
Franc. Petroles 6½ 91	80	†94½	95	0	−0⅛	7.30
Genstar 7 91	100	101½	101⅞	−0⅛	−0⅛	6.76
Int. Amer. Dv. Bk. 7 91	100	97⅜	97⅞	+0⅛	−0⅛	7.38
I/S Elsam 8½ 91	60	103	103⅜	−0⅛	−0⅛	8.01
Japan Air Lines 7⅛ 91	100	103	103⅞	+0⅛	+0⅛	6.80
Neder. Gasunie 8 91	100	105⅞	106⅛	−0⅛	−0½	7.12
OKB 7 93	100	98	98½	0	−0⅛	7.23
OKB 7⅛ 91	100	100	100⅜	0	0	7.23
Oslo, City of 8 91	100	104½	104⅞	−0⅛	−0⅛	7.31
Saint Etienne 8½ 91	20	104⅜	104⅞	−0⅛	−0⅛	7.84
Swed. Ex. Credit 7⅛ 91	75	96⅝	96⅞	−0⅛	−1⅛	7.75
TNT O/S Fin. 8 91	50	103½	104	+0⅛	−0⅛	7.42
Unilever NV 7½ 93	100	104½	104⅞	−0⅛	−0½	6.91
World Bank 6 91	100	91⅛	92½	−0⅛	−0⅛	7.26
World Bank 7 90	100	99	99⅜	−0⅛	−0⅛	7.14
World Bank 8 91	100	103⅝	103⅞	+0⅛	+0⅛	7.44

Average price changes.. On day 0 on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅜ 91	15	98½	99½	0	+0⅛	8.40
Australia 6½ 88	20	90⅝	91⅝	0	+0⅛	8.42
EIB 7⅜ 89	12	97	98	0	−1⅛	8.19
Finland, Rep. of 8⅜ 87	15	98⅜	99⅜	+0½	+0⅛	8.54
Int.-Amer. Dev. 8⅞ 91	15	101⅛	102⅛	−0⅛	+0⅛	8.57
New Zealand 8⅜ 87	15	99⅞	100⅞	+0⅛	+0⅛	8.27

Average price changes... On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Utilities 17 86 C$	50	†97½	97⅞	0	−0⅛	17.47
Federal Dev. 17⅜ 86 C$	40	†101½	102½	+0⅛	−0⅛	17.01
GMAC (Can.) 16 87 C$	60	†104½	105½	0	−1	16.48
Pencanadian 16½ 88 C$	65	†97	97½	0	−0⅛	17.17
Queb. Urban 16⅜ 86 C$	20	†100	101	0	0	16.54
Roynat 17⅜ 86 C$	40	†100⅛	101⅛	+0⅛	+0⅛	16.88
Tordom Cpn. 13½ 86 C$	30	†93	94	0	0	16.13
M. Bk. Dnmk. 9 91 EUA	25	86⅞	87⅜	+0⅛	+1	11.34
SOFTE 8⅜ 89 EUA	40	77⅞	78⅞	0	−0⅛	13.10
U. Bk. Nwy. 9½ 90 EUA	18	91½	92⅛	0	+0⅛	11.02
Algemene Bk. 10⅛ 86 Fl	60	97½	98	+0⅛	0	10.96
Amfas Group 12⅛ 86 Fl	40	102⅞	103⅜	+0⅛	−0⅛	11.40
Amro Bank 12 86 Fl	75	101⅝	102⅛	+0⅛	+0⅛	11.39
Amro Bank 12 86 Fl	80	101½	102½	+0⅛	+0⅛	11.43
Heineken NV 10 87 Fl	100	96½	97	+0⅛	−0⅛	10.79
Pierson 10⅛ 86 Fl	50	97⅛	97⅝	+0⅛	+0⅛	11.04
Rabobank 12 86 Fl	60	101⅞	102⅜	+0⅛	+0⅛	11.38
Air France 14½ 86 FFr	200	94⅜	95⅜	+0⅛	+0⅞	16.14
Bk. America 14½ 86 FFr	250	93⅛	94⅛	+0⅛	+1	16.43
Charb'nages 13⅞ 85 FFr	400	94⅞	95⅞	+0⅛	+1	15.81
EIB 14⅛ 88 FFr	300	91⅛	92⅛	0	+1⅛	16.42
La Redoute 14⅛ 85 FFr	125	91⅛	92⅛	0	+0⅛	17.28
OKB 14 86 FFr	400	93⅜	94⅜	+0⅛	+0⅞	16.05
Solvay et C. 14⅜ 86 FFr	200	94⅜	95⅜	+0½	+1⅞	16.45
Swed. E. Cr. 14⅜ 86 FFr	250	93½	94½	0	−0⅛	16.68
U. Mex. Sts. 14 86 FFr	150	92	93	+0⅛	+0⅛	17.05
Acona 14 85 £	20	91⅛	92⅛	+0⅛	+0⅛	17.01
Beneficial 14⅛ 90 £	20	84⅛	85⅛	+0⅛	0	17.83
BNP 13½ 91 £	15	85⅛	86⅛	+0⅛	+1⅛	16.54
CECA 13½ 88 £	20	89⅛	90⅛	+0⅛	−0⅛	16.09
Citicorp O/S 13⅛ 90 £	50	89⅞	90⅞	+0⅛	+0⅛	15.69
Fin. Ex. Cred. 13⅛ 86 £	15	90⅛	91⅛	+0⅛	+0⅛	16.80
Gen. Elec. Co. 12⅛ 89 £	50	85⅛	86⅛	+0⅛	+0⅛	15.84
Hiram Walker 14⅛ 86 £	25	93⅞	94⅞	+0⅛	+0⅛	16.15
Privatbanken 14½ 88 £	12	89⅛	90⅛	+0⅛	−0⅛	17.21
J. Rothschild 14⅛ 90 £	12	92⅞	93⅞	0	0	15.65
Royal Trustco 14 86 £	12	93½	94½	+0⅛	+0½	18.11
Swed. Ex. Cr. 13⅛ 86 £	20	92	93	+0⅛	+0⅛	18.37
Akzo 9⅛ 87 LuxFr	500	87⅞	88⅞	0	+1⅞	12.23
Euratom 9⅜ 88 LuxFr	500	87⅜	88⅜	0	0	12.82
Eurofima 10½ 87 LuxFr	500	92⅜	93⅜	0	0	12.28
EIB 9⅛ 88 LuxFr	600	89⅛	90⅛	0	+0⅞	12.24
Volvo 9⅜ 87 LuxFr	500	87⅛	88⅛	+0⅛	+1⅛	12.82

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5⅛ 90	0⅛	99⅛	99⅝	18/6	14⅛	14.34
Bank of Montreal 5⅛ 91	0⅛	99⅛	99⅝	29/4	17.06	17.15
Bank of Tokyo 5⅛ 91	0⅛	99½	100	10/6	13⅛	13.28
Bk. Nova Scotia 5⅛ 93	0⅛	99½	100	29/4	17.06	17.11
BBL Int. 5 86	0⅛	99⅛	99⅝	20/5	13⅛	13.57
BFCE 5⅛ 88	0⅛	99½	100	28/4	16.94	16.98
BFCE 5⅛ 87	0⅛	99½	100	27/7	16⅛	16.29
Christiania Bk. 5½ 91	‡0⅛	99	99½	5/5	16	16.12
Co-Ban Eurofin 5½ 91	0⅛	98⅛	99	14/4	16.89	16.90
Den Norske Cred. 5½ 93	0⅛	97⅛	97⅞	4/6	13.56	13.89
Genfinance 5⅛ 92	0⅛	99⅛	99⅞	30/6	15½	15.56
Giro und Bank 5⅛ 91	‡0⅛	99⅛	99⅝	23/3	14.06	14.15
GZB 5⅛ 92	‡0⅛	98⅛	98⅝	5/3	13⅛	13.26
Ind. Bank Japan 5⅛ 88	0⅛	98⅝	99⅛	9/5	13.31	13.46
Lloyds Eurofin 5⅛ 93	§0⅛	99⅜	99⅞	29/4	17.13	17.19
LTCB Japan 5⅛ 89	0⅛	99	99½	16/7	15.31	15.43
Midland Int. Fin. 5 91	0⅛	99⅝	100⅛	30/4	17.06	17.06
Nacional Fin. 6½ 88	0⅛	†97	97½	25/3	17.31	17.80
Nat. Bk. Canada 5⅛ 88	0⅛	99⅛	99⅞	24/3	17.31	17.38
Nat. West. Fin. 5⅛ 91	§0⅛	99	99½	15/7	15.19	15.30
Nat. West. Fin. 5⅛ 92	§0⅛	99½	100	23/4	17	17.04
Nordic Int. Fin. 5½ 91	0⅛	98⅝	99⅛	6/5	15⅛	15.80
Offshore Mining 5⅛ 91	0⅛	98⅛	98⅝	2/6	13	13.21
Pemex 6 91	6⅛	97	97½	8/4	17	17.48
PKbanken 5 91	0⅛	98⅛	98⅝	17/6	14⅛	14.54
Sanwa Int. Fin. 5⅛ 88	0⅛	†99½	100	24/3	17⅛	17.29
Scotland Int. 5⅛ 92	0⅛	98⅜	98⅞	23/3	13.94	14.13
Sec. Pacific 5⅛ 91	0⅛	98⅛	98⅝	24/5	13⅛	13.45
Societe Generale 5⅛ 91	0⅛	99	99½	22/7	15⅛	15.37
Standard Chart. 5⅛ 91	0⅛	97⅞	98⅜	18/5	13.31	13.57
Sumitomo Fin. 5½ 88	6⅝	99	99½	9/8	16	16.12

Average price changes .. On day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	96⅜	97⅞	+1⅞	4.45
Bow Valley Inv. 8 95	4/81	23.12	95	97	+0⅛	48.08
Canon 6⅛ 95	1/81	829	107⅞	109⅛	+0½	5.12
Daiwa Secs. 6½ 96	12/81	513.3	†73	75	0	−3.00
Fujitsu Fanuc 4½ 96	10/81	6770	108⅛	110⅛	+0½	7.91
Furukawa Elec. 5⅛ 96	7/81	300	121	122	−0⅛	−3.96
Hanson O/S Fin. 9½ 96	8/81	2.74	†89	90	+4	89.41
Hitachi Cable 5⅛ 96	2/82	515	103⅛	104⅛	+0⅛	−1.49
Hitachi Cred. Cpn. 5 96	7/81	1773	82½	84½	−0⅛	5.78
Inchcape 8 95	2/81	4.56	†63½	65	0	12.75
Kawasaki 5⅛ 96	9/81	229	76⅛	77⅞	−0⅛	6.53
Marui 6 96	7/81	931	103	104½	0	11.51
Matsushita El. 7⅛ 95	11/80	590	85⅛	87⅛	−0⅛	3.65
Minolta Camera 5 96	10/81	909	70⅛	71⅛	+0⅛	11.50
Minorco 9⅛ 97	5/82	8.16	95	95⅛	0	7.22
Murata 5⅛ 96	7/81	2190	76	77½	−0⅛	21.20
NKK 6½ 96	7/81	188	91⅛	93⅛	−0⅛	−5.14
Nippon Chemi-C. 5 91	10/81	919	72	74	0	3.58
Nippon Electric 5⅛ 97	2/82	846	103½	104⅛	+0½	0.81
Orient Finance 5⅛ 97	3/82	1567	92⅛	93⅛	−0⅛	6.04
Sanyo Electric 5 96	10/81	652	77⅛	79⅛	0	8.35
Sumitomo Met. 5½ 96	10/81	305	77½	79	−1	6.01
Swiss Bk. Cpn. 6⅛ 90	9/80	191	†72	74	0	18.42
Taylor Woodrow 8⅛ 90	1/81	4.94	†85	86	0	−4.64
Konishiroku 6 90 DM	2/82	585	104	105	0	−1.23
Mitsubishi H. 6 89 DM	2/82	263	99⅛	100⅛	−0⅛	3.77

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

$165m Eurobond issue from BASF

By Our Euromarkets Correspondent

THE GERMAN chemical concern BASF is returning to the Eurobond market for the first time in more than 10 years. It is raising $165m through a six year warrant issue led by Deutsche Bank.

The warrants will enable holders of each $1,000 bond to purchase 20 shares of BASF at any time during the life of the issue at a price of DM 136 per share. This compares with yesterday's closing price of BASF shares of DM 132.70.

The bonds bear a coupon of 11 per cent and are being issued at par, but Deutsche Bank reckons that inclusion of the value of the warrants will give the issue an effective yield of 16 per cent.

The issue carries a certain rarity attraction on the Eurobond market which seldom sees any German paper; for the borrower it offers the chance of raising new capital without imposing a rights issue on existing shareholders.

Also launched on the market yesterday was a $75m seven-year 16¼ per cent issue at 99½ per cent for New Brunswick Electric Power led by CSFB. Rumours were rife of a strong increase being imminent in the $400m floating rate note for Sweden which is being managed by the same house.

On the secondary market fixed rate Eurobond prices picked up a little during the afternoon after a quiet start, closing the day ¼ point higher on average.

In other primary market news the Y8.6bn five-year Euronote issue for Japan Airlines has been given a 7¾ per cent coupon and par issue price by lead managers Daiwa Securities and Morgan Guaranty.

Principal and interest payments on this bond will be made in dollars, although secondary market trading will be settled in yen. The exchange rate for subscription payments has been set at Y235.1834 per dollar, giving the issue a nominal equivalent of $36.57m.

Hitachi is raising a $30m, 15-year convertible bond through Nikko Securities, which is being arranged as a club deal with an indicated coupon of 4¾ per cent.

In Switzerland a coupon of 7 per cent and par issue price have been set on the SwFr 100m 10-year issue for the Province of Manitoba, which is being led by Union Bank of Switzerland.

In an otherwise quiet Swiss market the 6¾ per cent bonds for the Japan Development Bank, which met extremely good interest during the subscription period, opened ¾ per cent below the issue price of 99½ per cent in the secondary market. Bankers said the weak opening reflects changes in the market conditions since the bonds were launched.

D-mark foreign bonds were marginally firmer in quiet trading.

First Chicago to sell Beirut unit

By William Hall, Banking Correspondent

FIRST NATIONAL BANK of Chicago has put its Beirut operation, First National Bank of Chicago (Lebanon), up for sale.

First Chicago said it had decided to divest most or all of its stake in the Lebanese bank, which it has owned since 1968. The bank has three branches in Beirut and assets of more than $50m.

Mr Martin White, area head of Middle East and Africa for First Chicago, said the Lebanese bank was a successful operation which had always made money. First Chicago planned to divest itself of the business as part of its "strategic focusing of corporate resources on priority businesses and markets throughout the world."

The Lebanese bank will continue to operate until an appropriate partner is found. It has a staff of around 50 and offers full banking facilities.

Mr White said yesterday at least 18 new banks had been set up in the Lebanon over the last three years.

Recession in housing hits Domtar result

By Robert Gibbens in Montreal

THE RECESSION in the North American housing industry was the prime factor in lower earnings at Domtar Inc., the pulp and paper, building materials and chemicals group.

Operating earnings for 1981 were C$59.4m or C$3.35 a share, against C$96.6m or C$5.78 a share for the previous year. Sales were C$1.7 bn, against C$1.6bn in 1980. The company is now 42 per cent controlled by agencies of the Quebec Government.

Oilfield services growth lifts Schlumberger profit

BY OUR NEW YORK STAFF

SCHLUMBERGER, the oil-field services and electronics group, has reported a 27 per cent increase in net income to $1.27bn for 1981, though the fortunes of its various divisions differed.

Mr Jean Riboud, the chairman, said the gain in earnings was largely attributable to the strength of the company's oilfield services worldwide, and to a lesser extent to a lower effective tax rate. Revenues from oilfield services grew by 35 per cent to $2.79bn.

But revenue was down by 1 per cent to $2.12bn in the measurement, control and components division partly because of currency translation losses but also because of the severe recession in the semiconductor industry, which is affecting Schlumberger's recently acquired Fairchild Camera and Instrument subsidiary. Some Wall Street analysts have recently downgraded Schlumberger—once a glamour stock.

Schlumberger's total net income was $1.27bn, or $4.37 a share, up from $994m, or $3.47 in 1980. Revenues were $5.98bn, up from $5.14bn. In the final quarter, Schlumberger's net profit was $358.8m, up from $319.6m.

● Wheelabrator-Frye, the environmental controls and process plant group, almost doubled its net operating profit in the final quarter of 1981 from $14.52 to $28.93m on revenues down from $411.4m to $384.3m. However, the result excludes a $5.2m loss from discontinued operations while last year there was a $5.5m addition to profits from this source. These left the net result at $23.7m compared with $20m.

For the year net operating profit came to $90.06m compared with $49.8m previously on revenues ahead from $1.17bn to $1.55bn. Per share operating profits were $4.71 against $3.97 after $1.52 compared with 81 cents in the final quarter.

Continental Group and Allied bid for Supron

By Our Financial Staff

ALLIED CORPORATION and Continental Group are to take over Supron Energy Corporation in a $714m agreed deal. The Dallas-based oil and gas group has been a merger candidate for much of the past year.

Allied, formerly Allied Chemical, has chemical interests as well as substantial oil and gas holdings in the North Sea and elsewhere and is to bid for Supron through a subsidiary.

The oil and gas properties of Supron will be transferred to a company jointly owned by Allied and Continental, which along with its dominant can making and packaging activities has moved into gas and oil.

The Allied subsidiary is to make a cash tender at $35 a share for 79 per cent of Supron's 16.1m shares and then intends to exchange the same amount for the remainder. Total Petroleum, a subsidiary of the Compagnie Francaise des Petroles group has 10 per cent of Supron's shares and was previously considered a potential bidder, although Allied and Supron announced they were in talks last month.

Supron is primarily a gas producer with reserves of about 475bn cubic feet of gas and 8.3m barrels of oil and condensate. However, it has relatively large unexplored areas totalling 741,000 acres in some of the choicer parts of Montana, North Dakota, Wyoming and Texas.

It is also carrying out a major exploration programme on its New Mexico gas fields.

Brunswick moves to thwart bid

BY TERRY BYLAND

BRUNSWICK CORPORATION, the medical supplies and recreational products company currently facing an unwelcome $320m bid for 49 per cent of its shares from Whittaker, the Californian industrial and services group, yesterday disclosed that it was considering an offer of "something less" than $450m cash for its Sherwood medical subsidiary.

In London yesterday, Mr Charles V. Rice, a vice-president of Whittaker, admitted that Sherwood, a manufacturer of medical products with a turnover of around $300m last year, was the "main attraction" for Whittaker.

Mr K. Brooks Abernathy, chairman of Brunswick, told a Federal Court in Chicago that the Brunswick board had previously "received and rejected" an offer of about $450m for Sherwood. But, he added that his board had considered an offer below the $450m mark.

The court was hearing an application from Whittaker for a temporary restraining order to prevent Brunswick from selling Sherwood.

Whittaker claimed that the board of Brunswick — which continues vigorously to oppose the bid despite Whittaker's announcement earlier this week that its tender offer for 49 per cent of Brunswick's equity had been "heavily oversubscribed," — was pursuing a "scorched earth" defence.

In the wake of the success of its offer, Whittaker "sweetened" its bid terms by increasing from $26.50 to $27 a share its offer for up to 10.4m Brunswick shares. It is also offering $1,257 per $1,000 for up to $30m of Brunswick's 10 per cent convertible subordinated debentures.

Mr Rice said yesterday he was confident that the Brunswick deal would go ahead on the expiration date of the offer, now extended to February 26, notwithstanding a call for a Congressional inquiry into reports of Saudi Arabian interests in Whittaker.

RCA to strengthen video market presence

BY IAN HARGREAVES IN NEW YORK

RCA, the U.S. conglomerate, yesterday announced moves to improve its position in three of its mos timportant markets.

The company said it was cutting the price of its videodisc players in an effort to stimulate demand, which has fallen far short of initial projections; it announced a new range of Japanese-made video-cassette recorders; and it is soon to start producing picture tubes for use in colour video display units on computers.

The moves are in line with the commitment by Mr Thornton Bradshaw, RCA's new chairman, to manage more aggressively the group's electronics and high technology business.

The decision to cut the price of videodisc has been on the cards for some time since it became obvious that the company would struggle to sell half the 200,000 players it had hoped to sell in 1981.

Sales of the discs which the players use, however, have been stronger than RCA expected, leading to the analysis that the best way to make the videodisc player take off is to sell players as cheaply as possible in order to build up the necessary mass on which a profitable market can be constructed.

The new price of the videodisc player is $349.95, down by $150, and the player will certainly be sold more cheaply than that by discounters.

The entry into the video display tube market is an attempt by RCA to defend the U.S. market for these components against the firm advance of Mitsubishi and other Japanese manufacturers.

RCA said it would offer a tube technology which delivered better picture resolution for colour display units than products at present on the the market. RCA tubes will be available from the second quarter of this year and will be made at Lancaster, Pennsylvania.

RCA thought the demand for colour display units would rise from 40,000 last year in the U.S. and its export markets to 250,000 in 1985 and over 1m by 1990.

Deutsche BP slides into the red

BY KEVIN DONE IN HAMBURG

DEUTSCHE BP, the West German subsidiary of British Petroleum, slumped deeply into losses last year with an after-tax deficit of DM 258m ($109m) compared with the small profit of DM 13m achieved in 1980.

The deficit was kept within these bounds only through the release of provisions totalling DM 280m set aside in 1979 and 1980. The company may be *forced to call upon its parent* for fresh capital later this year.

Deutsche BP is pushing ahead with its strategy of developing own crude oil supply sources independently of the BP parent, and it is taking first deliveries of crude from both Venezuela and Mexico later this year under new supply contracts.

Dr Helmuth Buddenberg, chief executive, said the company was *aiming* to build Mexican and Venezuelan oil deliveries to a share of around 10 per cent of its total crude oil supplies.

Last year Deutsche BP took 27 per cent of its crude needs of 13.9m tonnes from the North Sea through BP, a further 51 per cent from the Middle East and 22 per cent from Africa.

About 29 per cent of its oil needs was purchased as refined oil products, but this year, with the attraction of depressed spot market prices, the company plans to buy as much as 50 per cent of its oil needs as products with only 50 per cent coming as crude for processing in its refineries.

It is pressing on with rigorous measures to cut loss-making refinery operations in West Germany and by the end of 1982 will have reduced capacity to 14m tonnes, from the 24m tonnes available in 1979.

In addition to measures already announced for permanent closures, the company said yesterday that it is temporarily closing its remaining 6m tonnes capacity in Dinslaken, in the Ruhr region, from Monday. Last year the company processed 13m tonnes of crude compared with 16m tonnes in 1980, operating at just 63 per cent of capacity.

Oil sales dropped by 15 per cent to 19.8m tonnes from 23.2m tonnes in 1980, and Dr Buddenberg said volume sales were likely to decline further to around 18m tonnes in 1982. The company aims to stabilise sales at around 17m tonnes by 1986.

Its share of the West German oil products market dropped to 17 per cent from 21 per cent in 1979. After the release of provisions net losses on oil operations totalled DM 294m last year, compared with a loss of DM 97m in 1980.

The company also slumped into deep losses on chemicals. Losses of DM 85m compared with a profit of DM 50m in 1980, and the company has launched a study with Bayer, its partner in petrochemicals, into ways of closing parts of their joint production.

Deutsche BP profits on gas operations fell to DM 34m from DM 72m in 1980—it has a 10 per cent share of the German consortium taking new Russian natural gas supplies from 1984. Profits from coal activities dropped to DM 2m from DM 4m.

The rapid trading deterioration of last year forced Deutsche BP to cut capital investments by 17 per cent to around DM 200m.

Record earnings at Credit Commercial

By David White in Paris

SHAREHOLDERS of Crédit Commercial de France packed in to their last meeting to hear the swansong of M Jean Lévêque, the chairman, who told them that in its last year before nationalisation the bank had achieved the best results in its history.

Consolidated net profit for 1981 rose to FFr 232m ($38.7m) from FFr 192m, an increase of 21 per cent and higher than forecast. The improvement was mostly the result of the group's expansion and earnings overseas, M Lévêque said.

"As you see, it is a solid gold financial position that we are leaving for the state, which is expropriating us," he said.

M Lévêque, one of the most vociferous opponents of the French Government's nationalisation programme, said the bank would have been able to pay a net dividend of FFr 15 per share for the year, up from FFr 11.50. Parent company net earnings were 18 per cent up at FFr 150.5m.

Expressing "a certain relief" that the compensation offered had been increased to FFr 254 per share from FFr 164, he said this was still well below the real worth of the shares.

Banque Nationale de Paris (BNP), the biggest of the three top commercial banks which are already nationalised, said yesterday it expected a 40 per cent rise in consolidated results for 1981, before tax and provisions. But net earnings would be hit by the need to provide for lending risks.

Cie Financiere de Suez, the banking arm of the Indosuez group, also said yesterday that 1981 profits would show an increase.

Montedison sales up 15%

By James Buxton in Rome

MONTEDISON, the Italian chemical concern, recorded a 15 per cent rise in group sales last year to L8,362bn ($7.4bn) against L7,278bn in 1980.

Chemicals sales accounted for 67 per cent of the total, while exports and production by foreign subsidiaries contributed 39.2 per cent of sales against 36.1 per cent in 1980.

Montedison incurred a L267bn net loss in the first half of last year. Results for the second half have not been announced, but the company has indicated that the poor state of the chemical market did not make the second half of the year any easier.

As part of the restructuring which the group is currently undergoing, Montedison recently appointed two new managing directors. Sig Giorgio Porta, formerly head of strategic co-ordination, was made managing director with responsibility for base chemical production, and Mr John Sweeney, an American, became managing director for secondary chemicals.

Exports boost Daimler-Benz

BY OUR FRANKFURT CORRESPONDENT

DAIMLER-BENZ, the West German car and commercial vehicle manufacturer, boosted group sales by 17.9 per cent last year to DM 36.6bn ($15.5bn). Demand from foreign markets, particularly for heavy trucks from the Middle and Far East, helped to compensate for falling domestic sales.

In a letter to shareholders, *Daimler-Benz said yesterday* that group sales had risen by *DM 4.4bn or 14 per cent* last year on a comparable basis with 1980. Last year the group consolidated for the first time its production interests in Spain, Mercedes-Benz Espana, with sales of DM 500m, and also included its new acquisition in the U.S., Freightliner, with sales of DM 600m, for the period August-December.

These moves allowed Daimler-Benz to show an overall increase of 4.3 per cent to 72,849 units in its foreign commercial vehicles manufacturing operations despite serious setbacks in Brazil and Argentina.

In Brazil, where the truck market collapsed in the second *half of 1981, Daimler-Benz* produced only 48,899 vehicles compared with 60,030 in 1980, a fall of nearly 19 per cent. Commercial vehicles production in Argentina also dropped sharply, by 44 per cent to 5,469 units.

Commercial vehicle production worldwide showed a fall of only 1.4 per cent to 268,925 vehicles. Overall commercial vehicle exports from West Germany rose by 4.4 per cent to 121,510 units, while home sales slumped by 20 per cent to 68,588 vehicles. Total new commercial vehicle registrations in the Federal Republic last year dropped by 15.4 per cent to 148,558.

Daimler-Benz increased car production by *11,700* vehicles to 440,778 units, supported by strong export sales. On a daily basis car output rose by 3.5 per cent.

Car exports increased by 6.4 per cent to 200,000 vehicles, while sales in the home market dropped to 239,000 from 241,000 in 1980. Given the overall fall in domestic car registrations of 4 per cent, Daimler-Benz managed to raise its share of the home market marginally, to 10.5 per cent from 10.1 per cent a year earlier.

In the U.S., the group's most important foreign market, car sales rose by 17 per cent to 63,000 vehicles.

Group capital investment rose to DM 2.5bn from DM 2.1bn in 1980.

German groups face new reporting rules

By James Buchan in Bonn

A BILL proposing sweeping changes in the reporting requirements of West German companies is to go before the Bonn Parliament, despite energetic opposition from wide sections of business and industry.

The German cabinet this week approved the Bill prepared by the Justice Ministry over the past two years and designed to bring German accounting procedures in to line with the EEC's fourth directive on company accounts. It is expected to be debated after the summer recess.

The most important proposal is that the GmbH, the private limited companies which are Germany's most widespread corporate structure, will be required to publish annual reports from the beginning of next year.

Companies with a balance sheet total of more than DM 2.85m ($1.2m), annual sales of DM 5.7m and more than 50 employees—any two criteria must apply—will become subject to auditing by independent accountants from the middle of 1985.

The proposals will bring the GmbH into line with the AG, or stock market listed joint stock corporations. What is troubling business is the extension of the principles beyond the Brussels directive to include the 20,000 GmbH und Co Kg, a form of limited partnership peculiar to Germany. *Co-operatives are also included* in the new reporting requirements.

Herr Juergen Schmude, the *Bonn Justice Minister, said that* he hoped the new regulations *would reduce the "high proportion"* of GmbH and GmbH and Co KG insolvencies, which rose by more than a quarter last year to a post-war record of 11,600. Companies have been assured that the new accounting will not affect their tax positions.

Even so, the Bill cannot expect an easy passage. Business organisations say that the inclusion of the GmbH and Co KG, which are predominantly small and middle-sized companies, would impose an "intolerable burden of new costs."

The Federation of German Industry (BDI) said yesterday it would mobilise all the support possible in the Bundestag, the lower House, against the Bill.

AGA profits more than halved

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

PROFITS AT AGA, the Swedish industrial gas and heat engineering group, more than halved to SKr 155m ($27m) before tax for 1981 from SKr 350m in 1980, after SKr 190m of currency losses.

Before these losses and other extraordinary items, group earnings reached SKr 365m, or almost the same as the SKr 368m posted in the previous year.

As the bulk of AGA's business is abroad, the management expects the currency losses will be recovered over the next two years. The board proposes a dividend of SKr 7.75 a share, representing an increase of around SKr 0.75 after adjusting for last year's share issue.

Sales climbed by 13 per cent to a little more than SKr 5bn ($877m) last year. Gas turnover rose by 20 per cent to SKr 2.95bn and the operating profit was improved by 45 per cent to SKr 469m. Growth was particularly strong in the U.S., where AGA bought a gas company, Burdox, in 1978.

Frigoscandia, the refrigerated transport subsidiary, could only increase sales by 4 per cent to SKr 985m and its operating profit sunk from SKr 61m to SKr 23m. Operating income from Pharos, the engineering company, slipped from SKr 63m to SKr 50m.

The currency losses caused by the devaluation of the krona in September and the unexpectedly high appreciation of the dollar, were substantially higher than the SKr 70m expected in the half-year report. The management has included all the unrealised losses in the 1981 accounts.

Despite the setbacks in Frigoscandia and Pharos, group operating profit advanced from SKr 466m to SKr 535m. Net financial charges climbed sharply, by SKr 73m to SKr 175m, as a result of the high interest rates and increased borrowing to finance an ambitious investment programme of SKr 600m a year in the years 1982-84.

French hitch on DSM plant

By Charles Batchelor in Amsterdam

DSM, the Dutch state-owned *chemicals group, has run into* difficulties with its plan to build a FFr 400m ($66m) fertiliser plant in France. The French authorities are *unwilling* to grant a permit for construction of the 300,000-tonne plant at Gouaix, south-east of Paris, but would be willing to approve a plant near La Rochelle, on the west coast, DSM has been told unofficially.

DSM's fertiliser subsidiary, Unie van Kunstmestfabrieken (UKF), said La Rochelle would be a much less convenient location for its planned nitric acid and ammonium nitrate plant. Gouaix is in the main French grain growing region and nearer to the Netherlands, from where UKF plans to supply ammonia for the plant. The Dutch company already has a smaller plant at Gouaix.

The French had suggested La Rochelle because of their policy *of directing new industry* to the less developed regions, UKF said. The Dutch suspect, however, that this may also be an attempt to protect the French fertiliser producers.

Swedish Government plan to break up Statsforetag

BY OUR NORDIC EDITOR IN STOCKHOLM

MR NILS AASLING, Sweden's Minister of Industry, has unveiled a highly controversial plan to break up Statsföretag, the state holding company. Statsföretag controls about 30 companies with a combined turnover of more than SKr 14bn ($2.45bn).

Mr Karl-Axel Linderoth, *chairman of the state group*, who had been designated to replace the retiring managing director, Mr Per Sköld, resigned last month after being given advance notice of Mr Aasling's intentions. The Social Democrat opposition party has already expressed its hostility to the reorganisation.

Some of Statsföretag's heavy industrial units, such as LKAB, the iron mining company, and ASSI, the pulp, paper and board *company, are in deep trouble.* Since 1976 the Government has pumped about *SKr 13bn into* Statsföretag, according to Industry Ministry estimates, and it now requires a further SKr 3bn.

Under Mr Aasling's plan the Government would pay SKr 2bn of this sum by buying from Statsföretag the Procordia group of companies and setting them up as a separate consumer goods unit, directly under the Ministry.

Procordia is the most profitable part of the group. It posted earnings of SKr 308m on a SKr 1.3bn turnover in 1980. About 90 per cent of the profit derived from the tobacco company. The Government has said it would consider selling some Procordia companies to private enterprise.

ASSI, the forest products company which is expected to report a loss of around SKr 600m for 1981, would also be taken out of Statsföretag and given SKr 1bn in fresh capital. Its operations would eventually be co-ordinated with those of NCB, the north Swedish co-operative pulp and paper concern, in which the Government had to take a controlling interest and Domänverket, the profitable state forest company.

Saab to set up French offshoot

By Kenneth Gooding, Motor Industry Correspondent

SAAB'S car division is to set up a subsidiary at Colombes, near Paris, for imports and distribution in France. The company expects to appoint 30 to 35 dealers in the first year, with a long-term target of 60 to 80.

The initial sales target is equally modest, with a first-year goal of 300 to 500 units, with concentration on the up-market models headed by the 900 Turbo range. The subsidiary will have a share capital of FFr 3m ($500,000).

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Manila sets loan limit of $2.4bn

By Emilia Tagaza in Manila

THE CENTRAL BANK of the Philippines has imposed a limit of $2.4bn on the country's foreign borrowing for this year in a move intended to ease the burden of interest on the balance of payments.

The ceiling is the same as that set for last year, when, however, foreign borrowings exceeded the target by $700m.

Debt service payments last year reached 19.3 per cent of the country's 1980 foreign exchange receipts, against 18 per cent on a similar basis the year before, so nearing the official limit of 20 per cent. Against this background, stricter application of the $2.4bn limit is expected in 1982.

At the same time, foreign borrowing by companies is to be restricted to concerns operating in selected fields, and there are to be restraints on maturities and interest rates.

Of this year's $2.4bn, some $1.4bn is to be in the form of commercial loans, where priority will be given to export credits. The remaining $1bn will be in the form of loans with maturities of more than 12 years.

Singapore investment group ahead

By Georgie Lee in Singapore

GENERAL SECURITIES Investments, a major Singapore closed end investment trust, has reported a 19.5 per cent rise in pre-tax profit to S$3.43m ($1.62m) for the year ended December 1981.

Group post-tax profit went up by 17.2 per cent to S$1.77m.

Much of the improvement came from securities trading profits and income from underwriting and discounting of bills receivable.

Securities trading income went up by 90 per cent to S$746,000, while income from underwriting and discounting of bills receivable went from zero to S$720,000.

The group has declared a first and final gross dividend of 5 per cent.

Trust Bank lifts interim earnings to R15.1m

BY JIM JONES IN JOHANNESBURG

TRUST BANK, South Africa's fifth largest bank, has disclosed an increased after-tax profit of R15.1m ($15.3m) for the six months ended December 31, 1981. In the corresponding period in 1980, the after-tax profit was R12.5m and in the year ended June 30, 1981, R25.2m.

Unlike other South African banks, Trust Bank does not disclose profits fully and makes transfers to and from hidden reserves.

Directors said the bank's property portfolio still had a negative effect on profits for the half year. This was likely to continue they said, until the portfolio had been reduced to a level at which a reasonable return could be obtained.

However, Trust Bank has been granted loans at preferential rates by the South African Reserve Bank, which allow it to weather the problems of poor property performance.

This is tied to an agreement that ordinary dividend payments will not resume until 1985.

The past six months were characterised by the rising cost of money, which constrained earnings. The bank said however, that this rise in interest rates had been foreseen and that hire purchase and lending contracts had been written with escalation clauses, which cushioned the impact of rising rates.

After preference dividends, attributable profit was R12.6m. Of this, R12.5m was transferred to disclosed reserves. In the year to June 30, 1981, R21m was transferred to disclosed reserves.

Edgars boosts profits by 35%

BY OUR JOHANNESBURG CORRESPONDENT

EDGARS STORES, the South African retail chain which last week was the subject of a thwarted bid from South African Breweries, increased operating profit by 35 per cent to R39.7m ($40.3m) in the 26 weeks to January 9. In the half year to January 3, 1981, operating profit was R29.4m while in the 53 weeks to July 11, 1981, it was R57.3m.

Turnover in the latest half year was R255.5m, 31 per cent higher than the corresponding figure of R194.6m in 1980-81.

Edgars, a clothing and soft goods chain, offering credit facilities, and the Jet chain, which operates in a lower market sector, contributed most to the interim profit and turnover advances. The Ackermans clothing store group, which was acquired last November for R30m, contributed a small net surplus which has not been included in the interim figures. Its results will be incorporated at the end of the current financial period.

The number of stores managed by the group increased by three to 416 in the half-year while the trading area was increased by 30,000 square metres to 380,000 sq m. It is intended to add a further 10,000 sq m

An interim dividend of R2.70 has been declared from first-half earnings per share of R9. Last year the interim dividend was R2.05 and earnings R6.68 a share. The year to July 11, 1981, resulted in an earnings total of R12.89 and a total dividend payment of R5.70.

Plans for HK financial futures market due soon

PROPOSALS to establish a financial futures market in Hong Kong should be ready by this summer according to Mr Peter Scales chairman of the Hong Kong Commodity Exchange (HKCE).

Subject to Government acceptance and legislative approval the market could be set up by the time the London financial futures market is due to get under way in September he said.

The formation of a working party to study establishment of a financial futures market in Hong Kong was announced last September.

Thus the period between its establishment and the possible implementation of its proposals will have been substantially less than that taken in the UK where a working party for that market was set up in April 1980.

But Mr Scales pointed out that the working party in the colony had had extensive and regular contact with the UK financial futures steering committee whose formula was being looked at as a model.

When the exchange is functioning currency contracts are likely to be proposed for those units most widely traded in the colony's foreign exchange market including the U.S. dollar, the yen, the D-mark, sterling and the Swiss franc.

Reuter

Israeli solar group seeks cash

By L. Daniel in Tel Aviv

LUZ, the Jerusalem-based company which has developed a solar process for producing industrial steam using oil-filled pipes, intends to raise $3.5m through a private placement in the U.S. and is planning to float a public issue in about a year's time of $25m to $35m.

The company does not sell its equipment, but installs it at industrial plants which pay for the steam used at a rate 10 per cent below the cost of producing such steam with conventional fuel. It has two big orders in Israel but sees the U.S. as its main market.

NORTH AMERICAN QUARTERLY RESULTS

AMF

	1981	1980
Fourth quarter	$	$
Revenue	330.0m	327.4m
Net profits*	12.15m	17.96m
Net per share*	0.52	0.80
Year		
Revenue	1.27bn	1.21bn
Net profits*	67.25m	53.77m
Net per share*	2.95	2.39

*Operating.

ANCHOR HOCKING

	1981	1980
Fourth quarter	$	$
Revenue	245.0m	224.0m
Net profits	11.2m	11.0m
Net per share	1.10	1.08
Year		
Revenue	953.0m	858.0m
Net profits	29.6m	28.8m
Net per share	2.89	2.81

ARVIN INDUSTRIES

	1981	1980
Fourth quarter	$	$
Revenue	115.95m	127.25m
Net profits	721,000	5.17m
Net per share	0.06	0.72
Year		
Revenue	495.14m	428.85m
Net profits	12.42m	7.59m
Net per share	1.64	0.92

CARLISLE CORP.

	1981	1980
Fourth quarter	$	$
Revenue	97.5m	92.4m
Net profits	8.94m	7.67m
Net per share	0.95	0.82
Year		
Revenue	406.3m	380.8m
Net profits	36.32m	25.8m
Net per share	3.76	2.78

CLUETT PEABODY

	1981	1980
Fourth quarter	$	$
Revenue	266.0m	199.7m
Net profits	4.33m	3.85m
Net per share	0.47	0.39
Year		
Net per share	818.1m	733.4m
Net profits	21.3m	15.6m
Revenue	2.25	1.60

CONTINENTAL TELEPHONE

	1981	1980
Fourth quarter	$	$
Revenue	462.6m	336.5m
Net profits	40.7m	32.7m
Net per share	0.64	0.55
Year		
Revenue	1.58bn	1.29bn
Net profits	143.9m	122.8m
Net per share	2.34	2.09

CURTISS-WRIGHT

	1981	1980
Fourth quarter	$	$
Revenue	74.4m	71.4m
Net profits	15.56m	15.87m
Net per share	3.22	1.90
Year		
Revenue	276.9m	220.9m
Net profits	85.31m	39.75m
Net per share	17.99	4.75

EATON CORP.

	1981	1980
Fourth quarter	$	$
Revenue	784.6m	775.5m
Net profits	20.35m	21.86m
Net per share	0.74	0.81
Year		
Revenue	3.17bn	3.18bn
Net profits	82.37m	115.78m
Net per share	3.01	4.35

ELI LILLY

	1981	1980
Fourth quarter	$	$
Revenue	712.2m	639.5m
Net profits	86.4m	81.5m
Net per share	1.14	1.07
Year		
Revenue	2.77bn	2.56bn
Net profits	374.5m	342.0m
Net per share	4.93	4.52

EL PASO

	1981	1980
Fourth quarter	$	$
Revenue	1.13bn	837.0m
Net profits*	39.41m	30.53m
Net per share*	0.81	0.64
Year		
Revenue	3.91bn	3.2bn
Net profits*	147.26m	108.9m
Net per share*	3.07	2.30

*Operating.

GALVESTON-HOUSTON

	1981	1980
Fourth quarter	$	$
Revenue	62.7m	43.4m
Net profits	6.33m	4.04m
Net per share	1.11	0.81
Year		
Revenue	221.7m	145.9m
Net profits	22.6m	10.6m
Net per share	3.89	2.16

GENUINE PARTS COMPANY

	1981	1980
Fourth quarter	$	$
Revenue	377.3m	353.3m
Net profits	21.2m	19.2m
Net per share	0.76	0.70
Year		
Revenue	1.58bn	1.43bn
Net profits	77.5m	67.8m
Net per share	2.80	2.46

GOODYEAR CANADA

	1981	1980
Fourth quarter	C$	C$
Revenue	128.7m	128.2m
Net profits	3.35m	5.32m
Year		
Revenue	542.2m	493.1m
Net profits	18.97m	14.83m
Net per share	7.34	5.73

INTERNORTH

	1981	1980
Fourth quarter	$	$
Revenue	1.03bn	907.5m
Net profits	57.9m	42.6m
Net per share	1.30	0.94
Year		
Revenue	3.86bn	3.04bn
Net profits	243.1m	211.7m
Net per share	5.43	4.70

McGRAW-EDISON

	1981	1980
Fourth quarter	$	$
Revenue	629.4m	589.2m
Net profits	22.1m	17.8m
Net per share	1.33	1.09
Year		
Revenue	2.43bn	2.26bn
Net profits	84.1m	51.0m
Net per share	5.11	3.12

MAPCO

	1981	1980
Fourth quarter	$	$
Revenue	584.7m	532.8m
Net profits	31.1m	28.9m
Net per share	1.13	1.06
Year		
Revenue	2.18bn	1.76bn
Net profits	96.9m	122.2m
Net per share	3.51	4.48

MALLINCKRODT

	1981	1980
Fourth quarter	$	$
Revenue	123.7m	113.0m
Net profits	10.21m	9.64m
Net per share	0.71	0.68
Year		
Revenue	494.4m	441.8m
Net profits	39.7m	36.0m
Net per share	2.79	2.55

MANVILLE CORP.

	1981	1980
Fourth quarter	$	$
Revenue	527.4m	580.1m
Net profits	19.44m	25.33m
Net per share	0.56	0.84
Year		
Revenue	2.19bn	2.27bn
Net profits	60.32m	80.64m
Net per share	1.53	2.47

MOLSON COS.

	1981-82	1980-81
Third quarter	C$	C$
Revenue	448.9m	401.9m
Net profits	11.3m	9.35m
Net per share	0.80	0.65
Nine months		
Revenue	1.41bn	1.24bn
Net profits	47.39m	36.25m
Net per share	3.36	2.58

MOTOROLA

	1981	1980
Fourth quarter	$	$
Revenue	867.3m	798.9m
Net profits	41.7m	49.1m
Net per share	1.32	1.57
Year		
Revenue	3.33bn	3.09bn
Net profits	175.0m	186.1m
Net per share	5.56	5.96

WORLD STOCK MARKETS

Easier early Wall St trend

AFTER WEDNESDAY'S rally, Wall Street reverted to a downward course in reasonably active trading yesterday morning as investors refocused their attention on high U.S. interest rates.

The Dow Jones Industrial Average, which recouped six points the previous day of its recent sharp fall, was 3.52 lower at 833.14 at 1 pm. The NYSE All Common Index shed 11 cents to $66.10 and declines led gains by a seven-to-five margin. Turnover amounted to 32.27m shares, against Wednesday's 1 pm figure of 34.14m.

Analysts said a rise in the key Federal Funds Rate, on overnight loans between banks, sapped the market of the strength it showed the previous day. The Federal Funds Rate rose to 16 per cent yesterday morning from the previous night's close of 15½.

Also worrying the market was Federal Reserve chairman Paul Volcker's statement before Congress that the projected Federal Budget deficits for 1983 and 1984 pose a major hazard for the financial markets, both now and in the future.

There were some scattered gains among the Energy stocks, which are currently considered to be priced very low. Pennzoil rose 2⅞ to $42⅞. Southland Royalty $2 to $24, Phillips 1¼ to $36¼ and Texas International 1¼ to $21.

RCA put on ¼ to $19¼ and was the second most active issue. The Company reduced the price of its videodisc player and introduced an eight-hour video cassette.

Xerox was the volume leader and lost ½ to $38⅜. A block of 244,800 shares were traded at $38¼. A block of 300,000 Champion International shares were moved at $16⅝, off ⅛.

THE AMERICAN SE Market Value Index managed to improve 0.54 to 275.60 at 1 pm. Volume 1.33m shares.

Closing Prices for North America were not available for this edition.

Canada

Markets registered further mixed movements at mid-day after a fair trade. The Toronto Composite index edged up 2.4 to 1,679.5, Golds 4.9 to 2,489.7 and Metals and Minerals 6.0 to 1,575.7, but Oil and Gas slipped 5.6 to 2,894.9.

Paris

Stocks generally registered fresh advances in active trading, lifting the Indicateur de Tendance index 2.1 more to 120.3, its highest point since the start of the year. Advances outnumbered declines by 129 to 31 in the French section.

Market observers attributed the buoyancy to the further decline in French interest rates observed yesterday. The Call Money rate was reduced by another ¼ of a point to 14¼ per cent, almost a full point below its level of 10 days ago. Confirmation of the downward movement of rates came at mid-day when the Bank of France lowered its money market intervention rate to 14.25 per cent from 14.75 per cent.

Analysts pointed out that because banks' time deposit interest rates are linked to the overnight rate and have now become unattractive, there has been a flow of capital out of these instruments into the Stock Exchange.

Hong Kong

After starting on a firmer note yesterday in response to the overnight Wall Street rally, the Hong Kong market later suffered a sharp reversal.

The Hang Seng index picked up six points in the first hour and had backed off only slightly by mid-day. However, in the early afternoon the index began falling sharply, ending the day a net 23.83 weaker at 1,256.57. There was a moderate turnover of HK$238.63m on the four exchanges, compared with the Wednesday half-day session total of HK$149.29m.

Analysts and brokers said that one or possibly two large operators suddenly placed heavy sell orders for Blue Chip issues in the early afternoon, which sent the market falling, prompting institutions in general and small investors to sell stock.

Analysts were unanimous in saying that the orders took them by surprise and appeared to be a well-timed attempt to keep the market lower in the near term. Most said they had no firm idea on why this action was taken at a time when the market was just about to turn up after a series of losses.

Whatever the cause, it amounted to the ninth consecutive losing session and brings the indicator close to its chart support level. Several analysts said they could not predict where prices would head from here, but they continued to say that the economic situation in the U.S. would be crucial.

Among the leaders, Hutchison Whampoa lost 80 cents to HK$15, Cheung Kong 60 cents to HK$17.20, Jardine Matheson 40 cents to HK$17.10, and HK Land 35 cents to HK$8.

Elsewhere, Overseas Trust Bank dipped 35 cents to HK$5.10. Bank of East Asia was a bright exception, however, rising 50 cents to HK$60 after 1981 results declared with a bonus issue and a rights offer.

Germany

Bourse prices were narrowly mixed amid a lack of market-affecting news. Brokers added that trading levels were very light with transactions traceable to position squaring by professional investors.

Motors lost some ground after recent strength, Daimler easing DM 2.50 and BMW 80 pfennigs.

Banks put in the best sector performance after news that the rescheduling of Poland's debt to Western banks is set for signing in March, easing fears of a default. Dresdner Bank climbed DM 2.20, Commerzbank DM 2.50 and Deutsche Bank 40 pfennigs.

In Domestic Bond trading, purchasing interest picked up after a slow start with prices gaining an average of 25 pfennigs. The Bundesbank sold DM 22.1m of stock.

Australia

Shares mostly reverted to an easier course after opening on a firmer note. The All Ordinaries Index ended 2.1 lower at 530.4, only 21 points above its lowest level recorded since introduction of the index at the start of 1980. This makes a fall over the past four days of 19.3.

Brokers said the initial lift was swiftly lost due to a lack of consistent buying support. They added that pressure to keep local interest rates high has been increased by news on Wednesday of an average one per cent rise in Treasury Note interest rates.

Thomas Nationwide Transport receded 13 cents to A$2.27 and News 15 cents to A$2.25. The two jointly own the Ansett Transport Group, whose airline arm is expected to run into similar problems to those of TAA, its Government-owned competitor. Brokers said there was additional concern about News due to the problems of its subsidiary, News International, which owns the lossmaking Times publications in the UK.

Singapore

There was a further market retreat, mainly on afternoon selling pressure influenced by the Hong Kong slide in stock prices. The Singapore Straits Times Industrials index receded 10.13 more to a new 1981-82 low of 753.80.

Central Sugars lost S$1.30 to S$12.80, Far East Levingston 15 cents to S$5.50, Straits Trading 45 cents to S$8.90 and Development Bank 25 cents to S$7.85. Seaview Hotel shed 25 cents to S$5.70 and Hong Leong Industries 50 cents to S$8.90.

Tokyo

The market was closed yesterday for the National Founding Day holiday.

COMMODITIES AND AGRICULTURE

Qualified support for plan to cut Malaysia tin output

BY WONG SULONG IN KUALA LUMPUR

THE MALAYSIAN tin industry has given qualified support to the move by Dr Mahathir, the Prime Minister, to cut national tin output by as much as 25 per cent over the next few years.

Tin industry representatives will meet Datuk Paul Leong, the Primary Industry Industries Minister, on Tuesday, to find out more details of the cutback plan, and how the programme would be carried out.

Dr Mahathir said the government has decided to reduce national tin output by up to 15,000 tonnes over the next few years as part of its conservation of depleting natural resources.

Tin industry leaders said yesterday they support Dr Mahathir's moves to protect the tin mining industry in the short and long term, but stressed the cutback should be done in a way to minimise hardship, particularly among the small mines.

There is concern among the Chinese gravel pump miners over Dr Mahathir's statement that some small mines will have to merge. The gravel pump mines, which are fiercely independent of each other, feel mergers would create more problems for them.

There are some 500 gravel pump mines in Malaysia. They accounted for 60 per cent of the tin output of 63,000 tonnes last year, compared with 30 per cent from the dredge sector and 10 per cent from other forms of mining.

Roy Hodson writes: Tin prices eased on the London Metal Exchange because of lack of demand and some hedge dealings. Cash tin closed £40 a tonne down at £8,945 and tin for three months delivery lost £117.50 to close at £7,910. During the day cash tin and mid-February delivery tin traded briefly at about £9,000 a tonne.

Other base metals has a quiet day. Aluminium prices fell slightly following publication of the latest unsold stocks position by the International Primary Aluminium Institute. Producer stocks of ingot in the non-communist world fell for the first time in 18 months at the end of 1981. December stocks were 2,901,000 tonnes compared with 2,996,000 tonnes in November. But total produce stocks of metal and aluminium products continued to rise. About 100,000 tonnes were added during December 1981. Total stocks stood at 5,110,000 tonnes at the year's end. Cash aluminium closed in London at £594 a tonne—a fall of £1.50.

Delay over sugar harvesting

BRIDGETOWN—A dispute over a new wages agreement has delayed the start of the Barbados sugar harvest and caused Mr Tom Adas, the Prie Minister, to say it would be "nothing short of a national calamity" if the crop is not reaped.

Mr Adam's government legislated a wages increase of 10 per cent per annum over the next two years after protracted negotiations between the Sugar Producers Association and the Barbados Workers Union ended in stalemate.

The union, which pressed for a 35 per cent rise, rejected the imposed settlement although the producers, who originally agreed a 5 per cent increase, accepted it.

Barbados suffered a disastrous decline in production last year because of unseasonal wet weather. Export earnings from the principal crop dcelined by B$45m (U.S.$2.5m) compared with 1980.

Mr Adams said the industry lost more than B$20m on last year's crop and that the outlook for this year is "equally bleak." The deficit for 1982 could be B$25m, he said.

Barbados produced just under 95,000 tones of sugar last year which earned the country B$91m, mainly in exports to the EEC.

Mr Adams said indications were of a marginally higher production figure for 1982 although his government is aiming to push production up to 150,000 tonnes a year.

FARMER'S VIEWPOINT

New promise after the freeze

I USED to employ one of nature's pessimists. Every time winter was interrupted by a spell of mild and balmy weather he would opine that it was a weather breeder. And that the brief foretaste of spring would be succeeded by something a great deal worse.

He is dead now, but I thought of him last week when I travelled down to the West Country after the freeze we endured in mid-January.

Everywhere, except following floods, grass and the autumn sown cereals were looking very well indeed. So well that I almost agreed with a Cornish farmer who said a cover of snow was as good as a coat of dung. The temperature for much of the time was in the mid-fifties farenheit and I have seldom seen crops growing as well as they were in the last week of January and first days of February.

This was so even on my own farm, which at an altitude of 600 ft is one of the coldest places in the south of England. My own crops had gone into the land rather late, but they appear to have grown under the snow and when this finally thawed away it left the top soil much dried than I would have thought possible. I was encouraged to think of top dressing with nitrogen but after treating two fields the rain came and I had to stop.

The only crops which looked disappointing were those which had been savaged by an army of rooks as they were emerging last autumn, and part of one will have to be ploughed up and redrilled. There is also quite a bit of damage from hedgerow trees, or rather their leaves. Where these have fallen they cover the soil for quite a distance out and this suppresses the emerging cereal plants.

This is quite a serious matter and one the environmentalists take insufficient account. Why should a farmer stand the expense of maintaining what some people consider the beauties of the neighbourhood, when to do so actually reduces the yields of his crops? I have done my bit by leaving large numbers of trees in the boundary hedges. Perhaps I should leave a collecting box in prominent view in which the environmental lobby could drop its contributions.

I saw no cows out to grass even in the South Hams of Devon, but there were any amount of lambs already in the fields with their mothers who were quite obviously getting all their living from grass. I wish I could do the same with my own flocks but an ewe's pregnancy is inflexible and cannot be altered in mid-passage as it were. Mine have been mated to begin lambing about February 20 by which time no doubt the climate will have regressed into winter.

At this time of year I supplement the ewe's feed with a compound and although I am saving my best grass for after the ewes have lambed, there is enough growth in the fields in which they are wintering for them to substantially reduce their appetite for hay. This is just as well because hay quality this year is not very good.

One of the most significant lessons of my journey is the way the plough is taking over the traditional grasslands of the west of England in a way which would be unthinkable a few years ago. It used to be thought that the threat of disease encouraged by the mild climate prevented all but the growing of spring barley, and even that was not very successful.

But the availability of fungicides has changed all that. Cereal diseases can be controlled and in some areas it seemed to me every single level field was ploughed and in to autumn sown cereal. There are of course districts where soil type, lack of good drainage, and steepness prevent arable farming, but the boundaries of cultivation are being extended. Britain's wheat area grew by some hundred thousand acres last year, much of this in western England.

This remarkable switch in farming systems has not affected milk production. In the five western counties—Dorset, Somerset, Wiltshire, Devon and Cornwall—of the 1,387 dairy farmers, 11 per cent in the region gave up milking between March 1979 and March 1981. But cow numbers fell by less than 1 per cent and there was actually a slight increase in overall production.

Some of this land is of good depth and quality, capable of high yields if diseases are controlled. The attraction of turning to arable farming from the daily chores of milking cows was well put by an ex-dairy farmer who had just returned from his first holiday in the sun. "Why should you arable farmers to the east of us get your living from about three months work a year when we were condemned to milking cows 14 times a week."

One or two who had taken the plunge were confessing that they did miss the monthly milk cheque and they were apprehensive of the EEC's threat to reduce grain prices in real terms to world levels.

What did this mean I was asked? I could give no clear answer, except to say that over the last two centuries arable farmers had usually been the first to suffer in a depression. History has a habit of repeating itself.

John Cherrington

Coffee futures stage recovery

BY OUR COMMODITIES STAFF

COFFEE FUTURES rallied on the London futures market yesterday after opening with heavy losses reflecting an overnight sell-off in New York.

May delivery coffee slipped to £1,250 a tonne in the morning but ended the day only £10 down at £1,268.50 a tonne. The early fall had nearly wiped out Wednesday's £34.50 rise, which had been encouraged by a tight nearby supply situation.

Dealers said the New York decline was due to heavy trade and speculative selling. The London rally encouraged a higher opening in New York yesterday. U.S. values then slipped back again but this trend was not followed in London.

In Washington the U.S. Department of Agriculture forecast Brazil's 1982/83 coffee crop at between 16m and 18m bags (60 kilograms each), down sharply, because of frost damage, from the 32.5m bags produced in the 1981/82 season, reports Reuter.

The department said the estimate was based on an extensive field survey by the U.S. agricultural officer in Rio de Janeiro in Brazil's main coffee producing states of Parana, Sao Paulo, and Minas Gerais.

In Boca Raton, Florida, Sr Octavio Rainho, president of the Brazilian Coffee Institute (IBC) said the IBC hoped to present its first formal estimate of the frost-hit 1982-83 coffee harvest by the beginning of March.

Sr Rainho, who is attending the U.S. National Coffee Association Convention, said the 14m to 15m bag estimate announced by the IBC immediately after the severe frost last year was a preliminary calculation.

The revised estimate should be near or slightly above this level, he said.

However, the sharply reduced 1982-83 harvest will not affect Brazil's export goals. Brazil has enough coffee to fulfil its export target of 17m to 17.2m bags for calendar 1982, he said.

French claim UK farm subsidy is greater

BY OUR COMMODITIES STAFF

BRITISH farmers are more heavily subsidised than the French, claims an official at the French embassy in London.

Monsieur J. Danel, the Agricultural Attache, said yesterday that average aid per farm was £2,285 in France against £2,904 in Britain. In terms of farm workers the French aid amounted to £1,050 per head, £50 less than in Britain.

These figures dispelled the myth of massive agricultural aid paid to French farmers, M Danel said.

He made particular reference to a statement by Mr Peter Walker, British Agriculture Minister, at the British Turkey Federation Conference in Eastbourne last month, that France paid out eight times as much aid as Britain.

The Ministry of Agriculture said yesterday that Mr Walker's figure was based on agricultural aid as a proportion of total government spending.

M Danel admitted that expressed as a proportion of total agricultural output French aid, at 15 per cent, was nearly double Britain's 8 per cent.

In 1981 the French agriculture budget was £2.59bn, some 3½ times Britain's £724m. but M Danel said this reflected the greater size of France's agriculture industry.

£320m boost for Spain

MADRID — Spanish Agriculture Minister Sr Jose Luis Alvarez has announced a 59bn peseta (£320m) investment plan for agriculture.

It is aimed primarily at creating 150,000 hectares of new irrigation, improving 125,000 hectares of existing irrigation, modernising 10,000 hectares of farms and creating 50,000 jobs.

He said 39bn pesetas will be in the form of 10-year loans carrying 7 per cent interest provided by Spain's seven major banks. The other 20bn will be subsidies from the State's Instituto de Reforma y Desarrollo Agrario (IRYDA). Reuter.

Common Market resists export discussion on subsidy policy

BY BRIJ KHINDARIA IN GENEVA

THE COMMON MARKET is struggling to prevent discussion in the General Agreement on Tariffs and Trade (GATT) of U.S. complaints that the Community's agricultural policies unfairly subsidise exports.

A senior Community official said in Geneva there was no question of reopening agreements reached in the Tokyo Round trade package—on agricultural issues — completed in 1979.

The U.S. then agreed to accept subsidisation of food and agricultural exports provided the EEC did not corner "a more than equitable share" of foreign markets, he said.

The Americans dispute that interpretation of the Tokyo Round accords on agriculture.

The official, who came to Geneva directly from Washington after top level talks with U.S. government officials about on-going U.S.—EEC trade disputes, said the U.S. was wrong in alleging that subsidisation of EEC food exports violated Gatt rules.

The U.S. has not yet formally complained to GATT about such subsidisation, but it has begun consultations with the Community about EEC wheatflour exports and is seeking similar consultations concerning Community sugar exports.

Such bilateral consultations are a necessary step before a trade dispute can be formally brought to GATT. If the talks fail, GATT will on request by either side discuss the disputes within its decision-taking council and if needed appoint an arbitration panel to determine whether GATT rules are being violated.

The U.S. would like to include a review of food trade problems in general, including implications of the Community's common agricultural policy, in a ministerial level conference of GATT due in November. The conference, the first since 1972, will set guidelines for future international trade talks for the rest of this decade.

Florida orange crop reduced

FLORIDA'S freeze-damaged orange crop is estimated at 136m boxes, down 16 per cent from the January 1 estimate and 21 per cent below last season's total, the U.S. Agriculture Department said.

In its crop report, the department, said that, based on February 1 conditions, production prospects for early- and mid-season oranges in Florida are off 8 per cent from the January forecast to 82m boxes —22 per cent below last season.

The Valencia crop in Florida is forecast at 54m boxes, down 26 per cent from a month ago and 19 per cent below the 1980-1981 season.

Production of Florida temple oranges is forecast at 3m boxes.

The department said most of the State's unpicked temples suffered severe freeze damage in mid-January and supplies for fresh shipments will be severely limited.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were mixed on the London Metal Exchange. Copper touched £899 in initial dealings, reflecting rumours of problems at Toquepala in Peru, but eased back to close at £895. Lead was finally £346 with hedge selling well absorbed by fresh buying interest. Speculative selling left zinc at £464.25, after £469, while hedge selling and stop-loss selling lowered three months tin to £7,930; cash metal slipped to £8,890. Aluminium closed at £616.25 and nickel at £3,157.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
High Grade				
Cash	865.5-6	+1.25	865.5-8	+5
3 mths	894.5-5	+.5	896-.5	+4
Settlem't	866	+1	—	......
Cathodes				
Cash	863.5-4	+1.25	864-6	+4.5
3 months	891.5-2	+.25	892-4	+4
Settlem't	864	+1	—	......
U.S. Prod	—	......	*78.5-82	......

Amalgamated Metal trading reported that in the morning cash Higher Grade traded at £865.00, 65.50, 66.00, 65.50, three months £895.00, 94.50, 94.00, 94.50, 95.00, 94.50. Cathodes, three months £891.50. Kerb: Higher Grade, three months £895.00, 94.50, 94.00. Afternoon: Higher Grade, three months £896.50, 96.00, 97.00, 96.50. Kerb: Higher Grade, three months £895.00, 95.50, 96.00. Turnover: 35,225 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8970-90	—20	8940-50	—40
3 months	7970-90	—47.5	7905-15	—117
Settlem't	8980	—20	—	......
Standard				
Cash	8970-80	—20	8940-50	—40
3 months	7970-90	—47.5	7905-15	—117
Settlem't	8980	—20	—	......
Straits E.	‡$34.15	—0.05	—	......
New York	—	......		

Tin—Morning: Standard, cash £9,000, 8,990, 80, 70, mid-Feb £9,000, mid-March £8,200, three months £8,000, 7,960, 50, 65, 70. Kerb: Standard, cash £8,970, 50, three months £7,965, 70, 60, 55, 50. Afternoon: Standard, cash £8,960, 50, late-Feb £8,500, early-March £8,400, three months £7,950, 40, 30, 20, 10. Kerb: Standard: cash £8,920, 8,900, late-Feb £8,450, three months £7,910, 7,900, 10, 20, 30. Turnover: 4,125 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	332.5-3	—6.5	335-6	—2.5
3 months	343-.5	—4.5	345.5-6	—.25
Settlem't	333	—6.5	—	......
U.S. Spot	—	......	*28	......

Lead—Morning: Three months £344.00, 45.00, 44.50, 44.00, 43.50, 43.00, 43.50. Kerb: Three months £344.00. Afternoon: Three months £344.00, 44.50, 45.00, 44.50, 46.00. Kerb: Three months £346.00. Turnover: 9,475 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	460-1	—.75	458-.5	—2.25
3 months	464.5	—.25	464.5-.75	—.625
S'ment	461	—.5	—	—
Primw'ts	—	......	*42.75-5.75	—

Zinc—Morning: Cash £461.00, 60.00, three months £466.00, 65.00, 64.50, 64.00, 65.00, 64.50, 64.00, 64.50. Kerb: Three months £464.00, 63.50, 64.00, 64.50. Afternoon: Cash £46.00, three months £464.50, 65.00. Kerb: Three months £465.00, 64.50, 64.00. Turnover: 9,900 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	593-.5	—5.25	593.5-4.5	—1.5
3 months	615.5-6	—4.75	616-.5	—3

Aluminium—Morning: Three months £618.00, 15.50, 15.00, 16.00, 16.50, 17.00, 16.00, 15.50. Kerb: Three months £615.00, 16.00, 15.50, 16.00, 16.50, 17.00. Afternoon: Three months £618.00, 17.00, 16.50, 16.00, 16.50. Kerb: Three months £616.50, 16.00. Turnover: 24,325 tonnes.

Nickel — Morning: Three months £3,135. Afternoon: Three months £3,160, 60, 55, 60. Turnover: 516 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3095-100	+2	3115-25	+30
3 months	3135-5	—4	3155-60	+18.5

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 5.4p an ounce lower for spot delivery in the London bullion market yesterday at 462.45p. U.S. cent equivalents of the fixing levels were: spot 856c, down 10c; three-month 888.6c, down 8.4c; six-month 920.7c, down 7.8c; and 12-month 988.8c, down 7.2c. The metal opened at 471-475p (873-878c) and closed at 465-469p (862-867c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	462.45p	—5.40	467p	+1.25
3 months	477.95p	—4.90	482.75p	+1.0
6 months	493.60p	—4.05	—	......
12months	526.95p	—3.85	—	......

LME—Turnover 89 (131) lots of 10,000 ozs. Morning: Three months 477.5, 78.0, 78.5, 79.0. Kerb: Three months 479.0, 79.5. Afternoon: three months 482.0, 82.5, 82.6, 82.5. Kerb: three months 482.5, 83.5, 83.0, 82.5.

COCOA

Futures remained firm in active conditions as further consumer offtake absorbed trade hedging of modest producer sales. Commission house profit-taking pared the gains, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	1215-16	+5.0	1234-10
May	1172-73	—2.0	1188-71
July	1178-80	—3.5	1192-78
Sept	1187-89	+0.5	1199-86
Dec	1205-06	+2.0	1212-04
March	1221-22	+2.0	1230-22
May	1230-32	—1.5	—

Sales: 3,163 (2,197) lots of 10 tonnes.

ICCO—Daily price fob Feb 11: 95.89 (95.66). Indicator price for Feb 12: 95.54 (95.29).

COFFEE

Prompted by early commission house selling a technical retracement attracted trade and dealer support at the lows, reports Drexel Burnham Lambert.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1350-51	—33.5	1369-1349
May	1268-69	—10.0	1279-1250
July	1219-20	—16.5	1233-1219
Sept	1200-05	—12.0	1213-1198
Nov	1191-95	—21.5	1204-1198
January	1180-93	—21.0	—
March	1175-00	—12.5	—

Sales: 5,759 (10,588) lots of 5 tonnes.

ICO Indicator prices for February 10 (U.S. cents per pound). Comp. daily 1979 137.33 (133.37); 15-day average 128.85 (127.91).

GAS OIL FUTURES

Prices opened on the highs, reacting to strong prices in New York and slight nervousness about the Middle East, but later eased back. Prices steadied again on rumours from OPEC about restricting oil supplies, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
February	280.00	+5.00	280.00-77.50
March	271.00	+3.25	271.75-66.00
April	268.50	+3.00	265.50-60.50
May	264.75	+3.25	264.75-60.75
June	265.50	+2.50	266.00-65.25
July	266.00	+3.50	266.50-65.00
August	270.50	+0.50	272.50-71.50
Sept	274.00	+2.00	274.00
Oct	278.00	+3.00	278.00

Turnover: 1,303 (1,827) lots of 100 tonnes.

GRAINS

Business done—Wheat: March 111.25-111.00, May 115.10-114.95, July 118.65-118.50, Sept 106.50-106.45, Nov 110-15-110.00, Jan 113.90 only. Sales: 232 lots of 100 tonnes. Barley: March 107.50-107.35, May 110.60-110.55, Sept 102.25-102.10, Nov 106.00 only, Jan 109.75 only. Sales: 105 lots of 100 tonnes.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yest'rd'ys close	+ or —
Mar	111.15	+0.25	107.50	+0.25
May	115.00	+0.25	110.65	+0.30
July	118.60	+0.20	—	—
Sept	106.50	+0.20	102.25	+0.20
Nov	110.15	+0.25	106.00	+0.15
Jan	113.90	+0.10	109.80	+0.10

Old crops opened slightly higher and new crops unchanged. Some short covering was caused by firmer country markets, Acli reports.

HGCA—Locational ex-farm spot prices. Other milling wheat: W. Mids 115.00, N. West 112.00. Feed barley: S. East 106.10, S. West 106.70, W. Mids 105.00, N. West 108.20. The UK Monetary Coefficient for the week beginning Monday February 15 (based on HGCA calculations using days exchange rates) is expected to remain unchanged.

LONDON GRAINS—U.S. Dark Northern Spring No 1 14 per cent Feb 120.50, Mar 122.50 transhipment East Coast sellers. U.S. Hard Winter 13½ per cent Mar 118.50 transhipment East Coast quoted. English Feed fob Feb 112.75 paid East Coast, Feb 113.00 seller East Coast, Mar 114.25, April/June 118.00 sellers East Coast. Maize: French Feb 133.50, Mar 134.50 transhipment East Coast sellers. Barley: English Feed fob March 112.00, April/June 114.50 sellers East Coast. Rest unquoted.

RUBBER

The London physical market opened slightly easier, attracted little interest throughout the day and closed idle. Lewis and Peat recorded a March fob price for No. 1 RSS in Kuala Lumpur of 203.0 (203.75) cent a kg and SMR 20 180.5 (same).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Mar	47.30-47.40	47.50-47.60	47.40
April	48.20-48.40	48.20-48.50	48.40
Apl-Jne	49.20-49.30	49.10-49.20	49.20-49.10
Jly-Sept	52.70-52.80	52.70-52.80	52.80-52.70
Oct-Dec	56.10-56.20	56.00-56.20	56.20-56.00
Jan-Mar	59.30-59.50	59.30-59.40	59.40
Apl-Jne	62.40-62.50	62.20-62.40	—
Jly-Sept	65.30-65.50	65.30-65.50	—
Oct-Dec	68.40-68.50	68.40-68.50	68.50-68.40

Sales: 136 (172) lots of 15 tonnes, 20 (47) lots of 5 tonnes.

Physical closing prices (buyers) were: spot 47.00p (same); March 49.75p (same); April 49.50p (same).

SOYABEAN MEAL

The market opened around unchanged, reports T. G. Roddick. Weaker sterling and commission house buying firmed prices.

	Yesterdays Close	+ or —	Business Done
	£ per tonne		
February	129.00-35.0	—0.50	—
April	131.40-31.8	+0.85	131.80-30.50
June	130.40-30.5	+0.35	130.80-29.70
August	131.10-31.5	+0.70	131.50-31.20
October	132.00-32.2	+1.10	—
Dec	132.00-34.0	+0.25	—
Feb	135.00-36.0	+0.50	—

Sales: 168 (231) lots of 100 tonnes.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. March 377 buyer, May 385, 390, nil; Aug 399, 401, 401-399; Oct 403, 404, 404-403; Dec 404, 407, 406-404; Jan 407, 408, 408-405; March 415, 420, 416; May 422, 427, 426-425; Aug 432, 437, 436-435. Sales: 85.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Mar 507.0, 508.0, 509.0-507.0; May 518.0, 519.0, 519.0-518.0; July 527.5, 528.0, 527.9-525.5; Oct 522.5, 524.0, 523.5-521.0; Dec 526.5, 527.2, 527.0-525.0; Mar 533.5, 534.5, 533.5-532.0; May 536.5, 537.5, 536.5; July 539.0, 541.0, 541.0-539.0. Sales: 307.

SUGAR

LONDON DAILY PRICE—Raw sugar £169.00 (same) a tonne cif Feb-March shipment. White sugar daily price £179.00 (£178.00).

The market firmed in quiet trading conditions, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
March	176.15-76.20	174.25-74.55	176.45-74.25
May	178.65-78.75	177.15-77.25	178.75-77.00
Aug	181.60-81.70	180.50-80.80	181.75-80.50
Oct	184.55-84.40	183.60-83.70	184.45-83.25
Jan	185.50-86.00	184.50-85.00	185.00-84.50
March	189.45-89.50	187.80-88.80	189.75-88.50
May	191.50-92.75	190.50-92.50	—

Sales: 3,582 (2,428) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £278.00 (same) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Feb 10: Daily price 13.01 (12.99); 15-day average 13.23 (13.22).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 170 tonnes. Useful demand encountered, but actual turnover was rather slack. Buying was mainly in regular growths wanted in North and South American qualities.

POTATOES

LONDON POTATO FUTURES—April opened higher on a firmer Amsterdam market and in active trading rose further due to Amsterdam. February and November slipped slightly during the day, reports Coley and Harper. Closing prices: April 132.20, +4.80 (high 132.50, low 128.00); Nov 67.80, —0.70 (high 68.20, low 67.80); Feb 78.50 (high 79.00, low 78.50). Turnover: 940 (760) lots of 40 tonnes.

MEAT/VEGETABLES

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle 100.66p per kg lw (—1.45). UK—Sheep 198.62p per kg est dcw (+0.37). GB—Pigs 80.70p per kg lw (+0.60).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 86.0 to 89.0; Ulster hindquarters 93.0 to 98.0, forequarters 68.0 to 72.0. Veal: Dutch hinds and ends 117.0 to 123.0. Lamb: English small 80.0 to 88.5, medium 80.0 to 86.0, heavy 80.0 to 82.0; Imported: New Zealand PL 67.0 to 68.0, PX 67.0 to 67.0. Pork: English, under 100 lb 40.0 to 56.0, 100-120 lb 46.0 to 55.0, 120-160 lb 42.0 to 53.0.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Spania: Navels/Navelinas 42/130 4.20-4.80; Jaffa: Shamouti 60/168 4.70-5.60; Moroccan: Navels 56/13 3.60-4.50. Sevilles—Spania: 4.00-4.50. Clementines—Spania: 5.50-6.50; Moroccan: 1/6 4.50-6.00. Satsumas—Spania: 3.80-4.40. Minneolas—Jaffa: 60/81 5.70-6.10; Cyprus: 53/72 5.50-6.00. Lemons—Cyprus: 3.00-4.50; Spania: 40/50 2.40-2.60; Italian: 80/120 5.50; Jaffa: 45/50 2.50; U.S.: 115 6.00. Grapefruit—U.S.: Pink 32/48 5.50-6.00; Cyprus: Large cartons 3.00-4.00, small cartons 2.30-3.20; Jaffa: 36/88 3.50-4.90. Apples—French: New crop, Golden Delicious 20-lb 3.00-4.00; 40-lb 6.00-7.80, Stark Crimson 40-lb 6.50-7.50, 20-lb 3.40-3.80, Granny Smith 10.00-10.80; Canadian: Red Delicious 9.50-11.00; U.S.: Red Delicious 10.00-14.00; Hungarian: Starking 7.00-8.00. Pears—Dutch: Comice 14-lb, per pound 0.30; S. African: Clapp's 34-lb 6.00-6.20; Williams' Bon Chretien 8.00-8.50; Italian: Per pound Passacrassane 0.15-0.17. Peaches—S. African: 3.50-4.50. Nectarines—Chilean: 9.00. Plums—S. African: Santa Rosa, per pound 0.30-0.50, Eldorado 0.30-0.50, Songold 0.30-0.55, Wicksons 0.30-0.46, Harry Pickstone 0.35-0.55, Gaviota 0.35-0.55. Apricots—S. African: 11-lb, per pound 0.30-0.40. Grapes—Spanish: Almeria 11-lb 2.40-3.30; Brazilian: 10-lb Italia 7.00, Thompson 8.80-9.90; S. African: Dan Ben Hannah 11.00, Queen of the Vineyard 5.80-6.00; U.S. Red Emperor 0.50-0.60. Strawberries—Israeli: 0.55-0.60; Spanish: 0.60; U.S.: 1.00-1.10. Litchees—S. African: Per pound 0.90-1.00. Melons—Spanish: Green 10-kg 10.00; Brazilian: Yellow 9.00-11.00. Pineapples—Ivory Coast: Each 0.35-1.10. Bananas—Colombian: Per pound 0.19-0.20. Avocados—U.S.: Large box 5.58; Israeli: 4.00-4.50; Canary: 5.00-5.50. Mangoes—Kenyan: 8/16 4.00-5.00; Brazilian: 6.00-7.50; Peruvian: 8.00-8.00. Dates—Tunisian: 20s 0.45-0.50; U.S. 0.43-0.45. Tomatoes—Canary: 3.00-4.30. Onions—Spanish: Grano 3/5 3.50-4.20. Capsicums—Israeli: Red 4.50, Green 4.00; Canary: Red 3.50-4.50, Green 3.50-3.80. Cabbages—Dutch: White 3.50-3.80, Red 3.80-4.00. Cauliflowers—Jersey: 16/24s 4.50-5.00; French: 24s 5.00-5.50.

English Produce: Potatoes—Per 55-lb, White 2.50-3.00, Red 2.60-3.60, King Edwards 3.00-4.00. Mushrooms—Per pound, open 0.30-0.40, closed 0.50-0.60. Apples—Per pound, Bramley 0.18-0.28, Cox's 0.20-0.34, Spartan's 0.20-0.25, Russets 0.20-0.25. Pears—Per pound: Conference 0.14-0.20, Comice 0.18-0.26. Cabbages—Per 30-lb bag, Celtic/Jan King 2.00-3.00. Lettuces—Per 12, round 1.20-1.80. Onions—Per 55-lb 40/80mm 2.00-2.80. Carrots—Per 26/28-lb 1.00-1.80. Beetroots—Per 28-lb, round 1.00-1.20, long 1.40-1.50. Swedes—Per net 0.90-1.20. Sprouts—Per 20-lb 2.00-4.00. Rhubarb—Per pound, 14-lb box 0.28-0.30. Leeks—Per 10-lb 1.00-1.60. Parsnips—Per 26/28-lb 1.00-1.50. Turnips—Per 26/28-lb 1.00-1.50. Tomatoes—Per pound D 0.40-0.50.

★

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £4.00-£4.60, codlings £3.20-£3.80. Large haddock £4.80-£5.40, medium £5.00-£6.00, small £3.40-£4.40. Best small plaice, £3.70-£5.60. Lemon soles (large) £14.50, (medium) £11.00. Saithe £2.00-£2.60.

PRICE CHANGES

In tonnes unless otherwise stated.

	Feb. 11 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1095/1125	—15	$1100/130
Copper			
Cash h grade	£867.25	+5	£858
3 mths	£896.25	+4	£886.25
Cash Cathode	£865	+4.5	£859.25
3 mths	£893	+4	£881.25
Gold troy oz	$380.5	—1	$376
Lead Cash	£335.5	—2.5	£324.5
3 mths	£345.75	—0.25	£337.75
Nickel	£3771.7	......	£3757.75
Free mkt	280/290c	......	255/90c
Platin'mtr oz'y	£260	......	£260
Freemkt	£201.50	+0.1	£194.35
Quicksilvert	$380/395	......	$412/418
Silver troy oz	462.45p	—5.4	415.15p
3 mths	477.95p	—4.9	429.65p
Tin Cash	£8945	—40	£8630
3 mths	£7910	—117.5	£8132.5
Tungsten22.0lb	$125.54	......	$127.40
Wolfr'm 22.4lbs	$128/130	......	$124/129
Zinc Cash	£459.25	—2.25	£412
3 mths	£464.625	—0.625	£425
Producers	$875/950	......	$950
Oils			
Coconut (Phil)	$535w	......	$547.5
Groundnut	‡	......	$670
Linseed Crude	‡	......	‡
Palm Malayan	$535x	+5	$515
Seeds			
Copra Phillip	$350	+5	$345
Soyabean (U.S.)	$260w	......	$264
Grains			
BarleyFut. May	£110.65	+0.30	£108.65
Maize	£133.50	......	‡
Wheat Fut.May	£115.00	+0.25	£112.75
No.2HardWint	£116.50x	......	£118.00
Other commodities			
Cocoa ship't*	£1256	+5	£1237
Future May	£1172.5	—2	£1190.5
Coffee Ft' May	£1268.5	—10	£1149.5
Cotton A.Index	70.05c	—0.1	69.60c
Gas Oil Mar.	$271	+3.25	$316.75
Rubber (kilo)	47p	......	50.25p
Sugar (Raw)	£168a	......	£167
Woolt'ps 64s kl.	387p kilo	+5	379pkilo

‡ Unquoted. v April. w Feb-March. x March. † Per 76-lb flask. * Ghana cocoa. a Nominal. § Seller.

AMERICAN MARKETS

NEW YORK, February 11.

PRECIOUS METALS sold off sharply on rumours of activating an international gold standard which would ultimately reduce the demand for gold. Copper was under pressure in sympathy with the precious metals. Higher cash prices in addition to rumours of an OPEC meeting with large multinational oil companies led to short covering in heating oil. The livestock complex was generally lower on expectations of heavy live marketings, reported Heinold.

Copper—Feb 71.40 (72.20), March 71.80-71.95 (72.70), April 72.90, May 73.90-74.00, July 75.90-75.95, Sept 78.00, Dec 80.55, Jan 81.40, March 83.20, May 86.00, July 86.80, Sept 88.60, Dec 91.30.

*Gold—Feb 377.5-377.8 (384.3), Mar 379.3 (386.9), April 383.5-384.7, June 393.0-393.6, Aug 403.0, Oct 412.7, Dec 422.7, Feb 432.8, April 443.2, June 453.7, Aug 464.2, Oct 474.8, Dec 485.7.

*Platinum—April 371.0-372.0 (379.1), July 381.5 (388.8), Oct 391.3-392.2, Jan 406.0-407.0, April 421.0-422.0.

Potatoes (round whites) — March 83.0-83.5 (84.8), April 90.8-91.0 (92.3), Nov 78.5-80.0. Sales: 276.

¶Silver—Feb 861.0 (875.5), March 865.0-868.0 (880.0), April 877.6, May 888.0-890.0, July 912.0, Sept 938.0, Dec 968.0-970.0, Jan 979.7, March 1001.9, May 1024.1, July 1046.3, Sept 1068.5, Dec 1101.8. Handy and Harman bullion spot: 866.00 (862.00).

Sugar—No. 11: March 13.50-13.51 (13.42), May 13.63-13.65 (13.56), July 13.77-13.79, Sept 13.92-13.95, Oct 14.10-14.12, Jan 14.26, March 14.65-14.70, May 14.75-14.85, July 14.85-15.00. Sales: 7,025.

CHICAGO, February 11.

Lard—Chicago loose 22.50 (same).

Live Cattle—Feb 64.25-64.30 (64.35), April 62.80-62.95 (63.20), June 61.70-61.80, Aug 60.15-60.05, Oct 58.55-58.35, Dec 58.95.

Live Hogs—Feb 50.30-50.00 (50.77), April 46.50-56.35 (46.95), June 48.90-48.75, July 49.70-49.35, Aug 48.45-48.25, Oct 46.75, Dec 48.40, Feb 48.50.

‡‡Maize — March 271-271¼ (271¼), May 292½-283 (282¾), July 292-292¾, Sept 296, Dec 302½-302¾, March 314¾.

Pork Bellies—Feb 68.55-68.40 (70.00), March 69.25-68.10 (69.70), May 68.80-68.50, July 68.35-68.10, Aug 66.25-66.70.

†Soyabeans—March 629½-628½ (632¼), May 647-646 (649½), July 664-664½, Aug 667½-668, Sept 669½, Nov 679-679½, Jan 693, March 708.

‖Soyabean Meal—March 187.7-187.8 (187.2), May 188.3-188.6 (187.9), July 192.2-192.1, Aug 193.5, Sept 194.0-195.0, Oct 196.2, Dec 197.5-198.0, Jan 197.9-198.0.

Soyabean Oil — March 19.08-19.07 (19.34), May 19.87-19.90 (20.12), July 20.60, Aug 20.90, Sept 21.20-21.25, Oct 21.50-21.55, Dec 22.00, Jan 22.15-22.20, March 22.66.

†Wheat — March 370-369½ (368½), May 383-382½ (382¾), July 392, Sept 407, Dec 429, March 443½.

WINNIPEG, February 11.

§Barley—March 127.10 (127.60), May 130.00 (same), July 133.10, Oct 135.40, Dec 135.60.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Wednesday's closing prices

NEW YORK February 10.

††Cocoa—March 1953 (1951), May 2000 (1988), July 2025, Sept 2062, Dec 2037, March 2112. Sales: 1,240.

Coffee—"C" Contract: March 156.51-158.50 (154.73), May 139.75-141.00 (142.82), July 132.69-132.70, Sept 128.50-130.00, Dec 125.00, March 123.00-123.01, May 117.00-123.00, July 115.00-123.00. Sales: 4,165.

Orange Juice — March 137.60-137.90 (136.15), May 141.00-141.30 (139.50), July 144.25-144.50, Sept 146.80, Nov 50.85, May 151.80, 151.85, July 152.10-152.60. Sales: 1,200.

CHICAGO, February 10.

Chicago Imm Gold — March 386.5-388.0 (382.8), June 401.3-400.7 (396.9), Sept 415.3, Dec 430.5, March 446.1, June 462.0, Sept 478.1.

EUROPEAN MARKETS

ROTTERDAM, February 11.

Wheat — (U.S. $ per tonne): U.S. No. 2 Dark Hard Winter, 13.5 per cent: Feb. 20/March 15 200, March 1/March 25 196. U.S. No. 2 Red Winter: Feb 15/March 15 168.50, Feb 25 / March 15 168.75, March 168.75, April 173.50. U.S. No. 3 Amber Durum: Feb 209, March 209, April/May 186.50, June 186.50, July 187, Aug 189, Sept 190. U.S. No. 2 Northern Spring, 14 per cent: Spot 214, Feb 214, April/May 189, June 190, July 191, Aug 193, Sept 195, Oct 196, Nov 197. Canadian Western Red Spring Wheat: Afloat 223, April/May 214.

Maize — (U.S. $ per tonne): U.S. No. 3 Corn Yellow: Afloat 128, Feb 127.50, March 126.50, April/June 127.50, July/Sept 132.50, Oct/Dec 136, Jan/March 139, April 125.75 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow, Gulfports: Feb 254, March 254, April 258, May 260.75, June 264, July 265.50, Aug 267, Sept 267.50, Oct 268.50, Nov 268, Dec 273, sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein: U.S. April/Sept 231.50 traded, Afloat 239, Jan 239 Feb 237 March 226, April/Sept 232.50, Nov/March 243 sellers. Brazil Pellets: Feb 254.50, March 252, April 241.50, May 240.50, April/Sept 241 sellers.

PARIS, February 11.

Cocoa—(FFr per 100 kilos): March 1293-1295, May 1292-1300, July 1305-1315, Sept 1316-1326, Dec 1340-1343, March 1345-1353, May 1350-1360. Sales at call: 2.

Sugar—(FFr per tonne): March 2020-2025, May 2025-2027, July 2030-2055, Aug 2070-2074, Oct 2060-2070, Nov 2060-2070, Dec 2060-2070, March 2100-2102. Sales at call: 8.

INDICES

FINANCIAL TIMES

Feb. 10	Feb. 9	Month ago	Year ago
250.52	248.63	247.71	252.42

(Base: July 1, 1952=100).

MOODY'S

Feb. 8	Feb. 9	Month ago	Year ago
1014.5	1009.4	999.5	1159.1

(December 31, 1931=100)

DOW JONES

Dow Jones	Feb. 10	Feb. 9	Month ago	Year ago
Spot	130.08	128.62	126.43	423.35
Futr's	136.13	135.97	133.23	438.32

(Base: December 31, 1974=100)

REUTERS

Feb. 11	Feb. 10	M'nth ago	Year ago
1615.8	1619.7	1618.0	1695.9

(Base: September 18 1931—100)

BASE LENDING RATES

A.B.N. Bank	14 %	Robert Fraser	14 %
Allied Irish Bank	14 %	Grindlays Bank	‡14 %
American Express Bk.	14 %	■ Guinness Mahon	14 %
Amro Bank	14 %	■ Hambros Bank	14 %
Henry Ansbacher	14 %	Heritable & Gen. Trust	14 %
Arbuthnot Latham	14 %	■ Hill Samuel	§14 %
Associates Cap. Corp.	14 %	C. Hoare & Co.	†14 %
Banco de Bilbao	14 %	Hongkong & Shanghai	14 %
BCCI	14 %	Knowsley & Co. Ltd.	14½%
Bank Hapoalim BM	14 %	Lloyds Bank	14 %
Bank Leumi (UK) plc	14 %	Mallinhall Limited	14 %
Bank of Cyprus	14 %	Edward Manson & Co.	15 %
Bank Street Sec. Ltd.	15½%	Midland Bank	14 %
Bank of N.S.W.	14 %	■ Samuel Montagu	14 %
Banque Belge Ltd.	14½%	■ Morgan Grenfell	14 %
Banque du Rhone et de la Tamise S.A.	14½%	National Westminster	14 %
Barclays Bank	14 %	Norwich General Trust	14 %
Beneficial Trust Ltd.	15 %	P. S. Refson & Co.	14 %
Bremar Holdings Ltd.	15 %	Roxburghe Guarantee	14½%
Bristol & West Invest.	15 %	E. S. Schwab	14 %
Brit. Bank of Mid. East	14 %	Slavenburg's Bank	14 %
■ Brown Shipley	14½%	Standard Chartered	‖14 %
Canada Perm't Trust	14½%	Trade Dev. Bank	14 %
Castle Court Trust Ltd.	14½%	Trustee Savings Bank	14 %
Cavendish G'ty T'st Ltd.	15½%	TCB Ltd.	14 %
Cayzer Ltd.	14½%	United Bank of Kuwait	14 %
Cedar Holdings	14 %	Whiteaway Laidlaw	14½%
■ Charterhouse Japhet	14½%	Williams & Glyn's	14 %
Choulartons	14½%	Wintrust Secs. Ltd.	14 %
Citibank Savings	¶14 %	Yorkshire Bank	14 %
Clydesdale Bank	14 %		
C. E. Coates	14½%		
Consolidated Credits	14 %		
Co-operative Bank	*14 %		
Corinthian Secs.	14 %		
The Cyprus Popular Bk.	14 %		
Duncan Lawrie	14 %		
Eagil Trust	14 %		
E.T. Trust	14 %		
Exeter Trust Ltd.	15 %		
First Nat. Fin. Corp.	17 %		
First Nat. Secs. Ltd.	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11.50%. 1-month 11.75%. Short term £8,000/12 month 14.10%.
† 7-day deposits on sums of:—under £10,000 11½%, £10,000 up to £50,000 12½%, £50,000 and over 12¾%.
‡ Call deposits £1,000 and over 11½%.
‖ 21-day deposits over £1,000 13%.
§ Demand deposits 12%.
¶ Mortgage base rate.

Longer-dated Government stocks surge £1½ higher and authorities sell short tap, but equities lag behind

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan 25	Feb 11	Feb 12	Feb 22
Feb 15	Feb 25	Feb 26	Mar 8
Mar 1	Mar 11	Mar 12	Mar 22

* "New time" dealings may take place from 9.30 am two business days earlier.

Encouraged by the Federal Reserve Board's willingness to tolerate slightly higher money supply growth than orginally planned, domestic investors yesterday set their sights on Government stocks. Investment support was sufficient to enable the authorities to sell supplies of the *short tap stock, £20-paid* Exchequer 13¾ per cent 1987 A, which made its debut on Wednesday, at 20¼ and remain a seller at that level.

This contained the short end of the market, but longer-dated issues surged forward in a market unhindered by the presence of a tap stock and desperately short of supplies. Quotations here closed 1½ points up and only slightly below the day's highest. Sterling's continued stability and unchanged money market rates did little yesterday for market sentiment. The FT Government Securities index rose 0.66 more to 65.34—its highest since July 3 last.

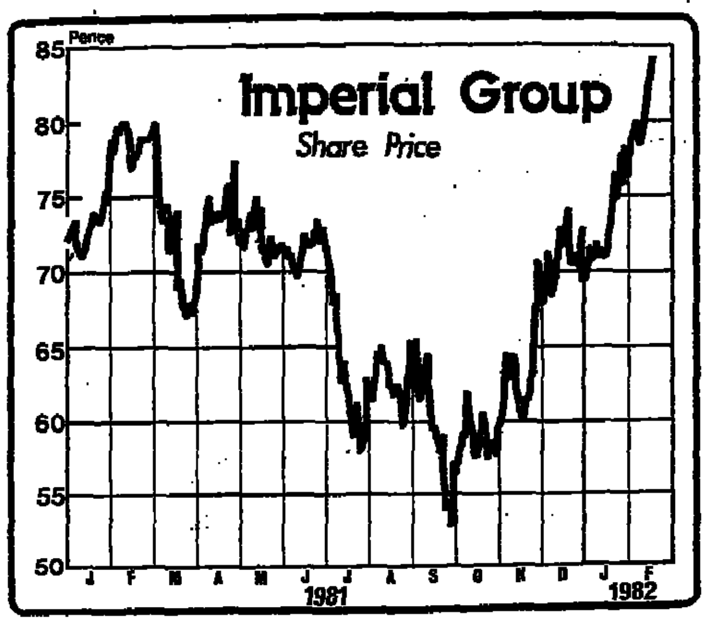
The equity sectors failed to *benefit from the strength of Gilt-*edged. Leading shares were a touch harder initially, but the enhanced levels proved difficult to hold. Buyers were reluctant to operate in the final stages of an extended trading Account, which ends today, and with little "new-time" interest evident, slightly easier Wall Street advices saw most leaders revert to around the overnight levels.

Contrasting movements among constituents of the FT Industrial Ordinary share index were provided by **Imperial Group**, *which responded strongly to pre-*liminary profits at the best end of market expectations and *weakness in* **GKN** *following re-*ports that its North Carolina subsidiaries were experiencing falling orders. The index closed 1.7 down at 572.0 after having shown rises, of up to 2.8, at the six earlier calculations.

Lloyds Bank firm

Lloyds Bank, which starts the major clearing bank dividend season next Friday, found renewed support and closed a few pence dearer at 465p. **NatWest** added a similar amount to 448p, after 450p. Elsewhere, ***Royal Bank of Scotland*** relinquished 5 to 119p, and **Grindlays**, 210p, lost 5 of the previous day's gain of 13 which followed news of the agreed sale of two of its subsidiaries, Dao Heng and Grindlays Finance to the Hong Leong Group for approximately £100m. Among Discount Houses, **Smith St Aubyn** improved 2 afresh to 40p with the new nil-paid shares up a penny more at 15p premium. **First National Finance Corporation** reflected bid hopes with a gain of a penny at 36p.

Insurances continued quietly firm but closed below the day's best. Renewed speculative support saw ***Eagle Star*** *touch 356p* before finishing a net penny dearer at 352p.



Leading Breweries attracted scattered support and, although an easier trend was evident after the "House" close, most still re*tained useful rises.* **Bass** finished 7 higher at 223p, after 224p, while **Scottish and Newcastle** rose 1½ at 58p and **Allied-Lyons** added a couple of pence to 83p.

With the notable exception of **Costain**, which closed 6 higher at 276p with the Deferred 8 up at 250p, leading Buildings usually surrendered early gains to close virtually unchanged on the day. *Elsewhere,* ***Tunnel B*** gained 15 to 565p awaiting bid terms from Rio Tinto-Zinc, but **Robert M. Douglas** shed 7 to 76p on disappointment with the interim results. **UBM** attracted fresh support and put on 3 to 58½, *as did* ***Howard Shuttering***, a like amount to the good at 31p.

ICI touched 350p before closing unchanged on balance at 346p.

Home Charm better

Standing a shade firmer at the outset, leading Stores failed to attract follow-through support and finished with modest falls. In contrast, Newsagents came in for renewed demand and closed *at the day's best.* **Martin The Newsagent**, firm of late after store purchases, rose 7 more to 305p, while **John Menzies** firmed a similar amount to 243p. **NSS** added 4 to 186p, as did **W. H. Smith**, 172p. **Home Charm** rose *5 to* 135p *following* the expected announcement of the acquisition of J. H. Sankey's D-I-Y retail chain for £14m. **A. G. Stanley** gained the turn to 64p. Adverse Press Comment on the disappointing first-half statement clipped 4 more from **Heelamat**, 96p, but **Owen Owen** responded to renewed speculative support and rose 6 to 218p. **Martin Ford** held at 24p, the setback in full-year earnings being offset by the maintained dividend and the company's asset potential.

A bout of investment buying ahead of the preliminary results due on March 24 helped **BICC** to rise 11 to 327p and feature an *otherwise* quietly dull Electrical sector. **GEC**, 830p, lost 7 of the previous day's rise of 16 which following news of the £75m contract awarded to its *Marconi subsidiary* for the erection of a new radar system for the Seawolf naval missile. **Thorn EMI** cheapened 5 at 460p and **Racal** eased a few pence to 375p, after 383p. Still reflecting hopes of a *bid from Tyco Laboratories*, which already owns a near-29 per cent stake in the company, **Muirhead** were supported up to 136p before closing a net 2 cheaper at 132p.

Up to 184p initially, **GKN** *weakened to 171p before settling* at 174p, down 6 on balance, as the market took note of a Press report concerning adverse trading conditions at the group's new car component factory at Alamance, North Carolina. Elsewhere *in leading* ***Engineers***, ***Tubes*** drifted off to close 4 cheaper at 132p. Among secondary issues, **F. H. Tomkins** improved 1½ to 20½p following the announcement that Mitchell Somers had increased its stake in Tomkins to *23 per cent.* ***Mining Supplies***, *on* the other hand, fell 3 to 104p on the half-year loss, while the disappointing interim statement left **Christy Bros** 4 lower at 25p, **ML Holdings**, down 10 more at 270p, remained depressed by the *recent interim figures.*

Leading Foods claimed a fair amount of attention, but best levels were not always held, **Northern** closing 4 dearer on balance at 168p, after 170p. **J. Sainsbury**, however, retained a gain of 15 at 555p and **Kwik Save** one of 4 at 256p. **Huntley and Palmer**, after Wednesday's late spurt of 4 on hopes of a rival bid for the company, softened a penny to 108p; current bidders **Rowntree Mackintosh** firmed 4 to 158p.

Thermal Syndicate up

Hotels and Caterers featured **Ladbroke** which rose 9 to 150p on renewed investment demand. Elsewhere, **Norfolk Capital** shed 2 to 32p on disappointment with the preliminary results.

Miscellaneous industrials provided a few firm *features*, generally among secondary issues. **Thermal Syndicate** stood out with a jump of 10 to 97p in response to the better-than-expected preliminary results, while **British Aerospace** gained 4 to 195p on the announcement that the Government is about to award the company the long-awaited Sea Eagle contract *worth* about £200m. Speculative buying on revived bid hopes helped ***Howard Tenens*** *to put* on 4 to 65p, while **Bath and Portland** added 3 to 80p on buying ahead of annual figures due next Wednesday. **Dalgety**, with interim results scheduled for next Tuesday, put on 5 to 333p, while **Wolseley-Hughes** advanced *10 to* 345p on renewed investment demand in a thin market. ***Smiths Industries*** rallied 8 to 345p. **Securicor** ordinary and "A" rose 7 apiece to 230p and 225p respectively after comment on the results. **Gripperrods** fell 10 to 120p on further consideration of disappointing interim results and ***Christie-Tyler*** *eased* the turn to 35p on the increased interim deficit. The leaders trended quietly firm with **BOC** closing a *further 3* dearer at 175p after comment on the favourable first-quarter figures.

After Wednesday's jump of 18 on the surprise acquisition of Laker Air Travel for £500,000, **Saga Holidays** reacted on profit-taking and closed 9 down at 170p. **Greenall Whitley**, buyers of Laker's Arrowsmith Holiday *Group for £4m*, shed 3 to 113p. Elsewhere in the Leisure sector, **Nimslo** attracted new time interest ahead of the official U.S. dealing date and firmed 8 to 178p. **Trident TV "A,"** up 16 on Wednesday on the Gaming Board's decision to withdraw its objections to the renewal of three casino licences, reacted 4 to 83p.

A volatile market recently following uncertainty in the aerospace industry, **Dowty** announced *interim earnings below market* expectations and reacted 8 to 116p. **Lucas** held at 213p.

Firm at first reflecting the strength of gilt-edged, Properties were unable to hold best levels and closed with moderate gains, **Land Securities** *finishing* 4 dearer at 301p, after 303p, and **MEPC** 2 up at 222p, after 224p. **Great Portland Estates** and **Haslemere Estates** added 4 apiece to 180p and 394p respectively, while **Percy Bilton** put on 6 to 196p. ***Mountleigh*** improved 2 to 86p in response to the increased interim profits, while **Property Holding and Investment** gained 10 to 164p.

Oils steady

Leading Oils rarely strayed far *from* overnight closing levels, **British Petroleum** fluctuating narrowly before settling without alteration at 296p and **Shell** finishing 4 cheaper at 370p.

Preliminary profits from **Lonrho** comfortably exceeded market estimates and the close was 3 higher at 89p, after 93p.

Trusts staged a fairly broad advance, **London and Holyrood** improving 6 to 172p and rises *of 4 being marked against* **Aberdeen**, 151p, and **Keystone**, 224p.

Textiles ended with useful gains in places. **Nottingham Manufacturing**, annual results due shortly, picked up 5 at 153p, while revived takeover speculation left **Highams** 7 dearer at 59p.

Standing a shade easier immediately in front of the announcement, **Imperial** rallied sharply following the better-than-expected preliminary profits and maintained dividend and touched 85½p before settling for a net gain of 4¼ at 84¼p. Other Tobaccos firmed in sympathy; ***Rothmans*** *added 1½ to 81½p*, while **Bats** rose to 432p before reverting to the overnight 428p.

Quiet mines

In a quiet mining market, South African Golds were initially marked down and thereafter drifted lower on lack of interest *reflecting the $1 decline* in the bullion price to $380.5 an ounce.

Heavyweights registered losses ranging to ½, as in **Hartebeest**, £24⅞, while falls of ⅜ were common to **Southvaal**, £15⅞, and **President Brand**, *£17¼*.

Medium- and lower-priced issues showed **ERGO** 14 off at 297p and **Blyvoor** a like amount easier at 486p. **Witwatersrand Nigel**, which recently announced the curtailment of mining operations, gave up 4 to a 1981-82 low of 40½p.

Financials were mixed in subdued trading. In the London-domiciled stocks, **Rio Tinto-Zinc** closed a net 3 cheaper at 444p, after 449p, but **Charter** managed a gain of 2 to 245p.

South Africans were highlighted by renewed strength in **UC Investments**, up 5 more at 595p, still reflecting the recent dividend increase.

Wednesday's rally in Australians proved short-lived as further selling reflected fears of a prolonged period of weak metal prices.

The recent poor profits performances by **MIM Holdings**, **Bougainville** and **Western Mining** were an additional depressing factor.

Western Mining, 217p, relinquished 5 of the previous day's recovery of 7, while **Bougainville** dipped 3 to 65p and **Pancontinental** 2 to a 1981-82 low of 120p.

Gold Mines of Kalgoorlie dropped 5 to a 1981-82 low of 275p on further consideration of the lower half-year profits and the interim dividend omission.

Among the speculative issues, new *lows for 1981-82* were common to **Metramar** and **Nickelore**, down 1½ apiece at 13p and 24½p respectively.

Elsewhere, **Pengkalen Tin** met renewed profit-taking and fell 10 more to 320p—a drop of 130p *since last week's news* that Straits Trading had sold its 26 per cent stake in the company to Aman Nominees of Malaysia.

Imperial attracted record activity in Traded options following the pleasing preliminary *statement and contributed* 2,818 deals to a total of 3,557 — the highest since the introduction of put trading on May 28 last.

FINANCIAL TIMES STOCK INDICES

	Feb. 11	Feb. 10	Feb. 9	Feb. 8	Feb. 5	Feb. 4	A year ago
Government Secs.	65.34	64.68	64.39	64.68	65.15	64.95	69.07
Fixed Interest	65.34	65.15	65.08	65.17	65.26	64.97	70.55
Industrial Ord.	572.0	573.7	563.2	570.7	576.1	574.8	490.0
Gold Mines	285.2	288.5	287.0	289.7	294.8	292.6	307.0
Ord. Div. Yield	5.37	5.35	5.44	5.37	5.31	5.33	7.32
Earnings, Yld.% (full)	9.47	9.44	9.60	9.48	9.57	9.57	16.36
P/E Ratio (net) (*)	13.83	13.88	13.65	13.82	13.99	13.23	7.47
Total bargains	19,626	17,514	19,566	19,086	23,165	19,335	20,386
Equity turnover £m.	—	132.00	131.19	111.47	139.00	153.67	129.09
Equity bargains	—	15,145	16,487	15,595	15,025	16,619	15,128

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.
10 am 576.5. 11 am 575.0. Noon 574.2. 1 pm 575.8.
2 pm 576.1. 3 pm 576.2.
Latest Index 01-246 8026.
*Nil=12.28.

HIGHS AND LOWS

	1981/2 High	1981/2 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (29/5/81)	60.17 (26/10/81)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (29/5/81)	61.61 (26/10/81)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4/81)	446.0 (14/1/81)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/9/81)	262.6 (29/6/81)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 10	Feb. 9
—Daily Gilt Edged Bargains	155.2	180.4
Equities Bargains	98.1	106.8
Value	266.8	265.2
5-day Avrge. Gilt-Edged Bargains	171.3	177.0
Equities Bargains	102.2	104.7
Value	269.8	287.2

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1981/2 High	1981/2 Low	Stock	Closing price p	+ or −	Div. or amount	Times covered	Gross yield	P/E ratio
§30	F.P.	12/3	30	29½	Asset Spcial 10p	29½	...	—	—	—	—
100	F.P.	18/2	99	96	Baillie GiffordJ'n Tst.	96	−1	—	—	—	—
§100	F.P.	—	37	36	Do. Warrants	37	...	—	—	—	—
‡	F.P.	—	340	315	*Eldridge Pope £1	340	...	9.5	2.5	4.0	10.8
80	F.P.	13/1	84	81	*Equipu. 10p	82	...	bd3.1	2.1	5.4	12.6
—	F.P.	—	10	7	F&C Enter. Warrants	7	...	—	—	—	—
58½	F.P.	26/2	63	58½	Fledgeling Invs.	62½	...	2.15	1.0	5.0	—
150	F.P.	4/1	165	156	*Hayters £1	160	...	10.5	6	9.9	[illegible]
§90	F.P.	—	90	89	*Intm. Bus. Sys. 10p	90	...	—	—	—	[illegible]
‡‡	F.P.	—	53	52	*Malaysian Tin 5p	52	...	—	—	—	11.6
US$5.30	F.P.	12/2	305	260	Newmarket (1981) 5c	270	...	—	—	—	—
§10	F.P.	10/12	19	14	*Owners Abroad 10p	18½	...	b0.5	3.1	3.9	11.0
‡‡	F.P.	—	13½	4½	Peak Hldgs.	13½	+½	—	—	—	9.1
115	F.P.	29/1	139	117	Speyhawk 10p	129	...	bd7.0	2.5	7.8	6.5
—	F.P.	—	5	3½	Viners 1p	4	...	—	—	—	—
46	F.P.	19/2	55	47	*York Mount	51	...	b4.51	3.9	12.5	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price £	+ or −
§100	£25	30/7	27¼	25¾	Barclays 16% Ln. Stk.	27¼	+¼
¶¶	F.P.	12/3	97	86	Habitat 9¾% Conv. Uns. Ln. '98-2001	97	...
¶	F.P.	26/2	112	102	Haslemere Est 9pc Conv Uns Ln 2001/06	110½	+1
¶19½	£10	18/5	13	12	Mid-Kent Water 9¾% Red. Prf. 1987	13	...
§100	F.P.	—	100¾	99¾	Nat'wide Bdg. Society 16¼% (17/1/83)	100⅝	−⅛
§100	F.P.	—	100¼	100	Do. 15⅝% (7/2/83)	100¼	...
—	F.P.	—	117	105	Viners 10% Cnv. Loan 1988	115	...

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981/2 High	1981/2 Low	Stock	Closing price p	+ or −
2.5A$	F.P.	—	—	244	200	CSR A $1	200	...
15	F.P.	26/1	17/2	19	16	*Carlton Real Ests. 10p	18½	...
140	Nil	19/2	19/3	24pm	15pm	Davy Corp.	24pm	+2
65	F.P.	12/2	5/3	115	105	Glass Glover	114	...
R.2	Nil	—	—	30pm	20pm	Griqualand 5 cts.	30pm	+5
180	F.P.	29/1	26/2	260	212	Kwik-Save 10p	260	+4
220	Nil	—	—	51pm	47pm	Lovell (Y.J.)	48pm	+1
188	F.P.	11/2	26/3	226	218	MEPC	226	+4
25	Nil	26/2	19/3	15pm	10pm	Smith St. Aubyn	15pm	+1
45	Nil	—	—	5pm	5pm	Steaua Romana (Brit.)	5pm	...
50	F.P.	19/1	19/2	58	52	Wearwell 5p	54	+1

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. *F* Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ⊕ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. * With warrants. †† Dealings under special Rule. ‡‡ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2) (a).

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
BAT Inds.	428	—	Dowty	116	− 8
BICC	327	+11	GKN	174	− 6
Bath and Portland	80	+ 3	Howard Tenens	65	+ 4
Brit. Aerospace	195	+ 4	Imperial Group	84¼	+ 4¼
BP	296	—	Pengkalen	320	−10
Bunzl Pulp	177	+ 8	TSL Thermal Synd.	97	+10

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Wednesday's closing price pence	Day's change	Stock	No. of price changes	Wednesday's closing price pence	Day's change
Trident TV "A"	23	87	+16	B. H. Props.	13	520	− 5
GSC	19	837	+16	Shell Trans.	13	374	+ 4
NatWest Bank	16	445	+17	Wood Hall Tst.	13	215	+10
BAT Inds.	15	428	+10	Boots	12	216	+ 8
Beecham	14	244	+ 8	Heelamat	12	100	−15
GUS "A"	14	492	+14	Comm. Union	11	134	+ 3
Ultramar	14	423	+11	ICI	11	346	+ 8

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb 1	Feb 12	May 13	May 24
Feb 22	Mar 5	June 3	June 14
Mar 8	Mar 19	June 17	June 28

For rate indications see end of Share Information Service

Money was given for the call in Town and City Properties, NCC Energy, Barratt Developments, Singlo, Audiotronic, Eagle Star, Huntley and Palmer, Turner and Newall, TACE, Carless Capel, Exco, Trident TV, Vickers, Hongkong Land and Wheelock Marden. A put was done in Chubb, while doubles were taken out in Town and City Properties, Tanks and FNFC.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, February 10, 1982. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.08
Albania	Lek	5.4624
Algeria	Dinar	4.1875
Andorra	Fr. Franc	6.0065
	Sp. Peseta	100.16
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.7025
Argentina	Peso (F) (4)	10050.00
Australia	Dollar	0.9197
Austria	Schilling	16.6025
Azores	Port. Escudo	69.25
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is.	Sp. Peseta	100.16
Bangladesh	Taka	20.67
Barbados	Dollar	2.01
Belgium	Franc (C)	39.365
	Franc (F)	44.80
Belize	Dollar	2.00
Benin	C.F.A. Franc	300.325
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	9.1074
Bolivia	Peso	24.75
Botswana	Pula	0.9037
Brazil	Cruzeiro	136.41
Brunei	Dollar	2.1145
Bulgaria	Lev	0.935
Burma	Kyat	6.4515
Burundi	Franc	90.00
Cameroun Rp.	C.F.A. Franc	300.325
Canada	Dollar	1.2146
Canary Is.	Sp. Peseta	100.16
Cape Verde Is.	Escudo	36.51
Cayman Is.	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	300.325
Chad	C.F.A. Franc	300.325
Chile	Peso (O)	39.00
China	Renminbi Yuan	1.82
Colombia	Peso (O)	60.07
Comoros	C.F.A. Franc	300.325
Congo P'ple Rep. of	C.F.A. Franc	300.325
Costa Rica	Colon (O)	8.60
	Colon	37.09
Cuba	Peso	0.8001
Cyprus	Pound*	2.2277
Czechoslovakia	Koruna (O)	5.85
Denmark	Krone	7.7687
Djibouti Rp. of	Franc	178.50
Dominica	E. Caribbean $	2.7025
Domin. Rep.	Peso	1.00
Ecuador	Sucre	24.75
Egypt	Pound* (O)	1.4493
	Pound* (3)	1.221
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	200.32
Ethiopia	Birr (O)	2.0416
Faeroe Is.	Dan. Krone	7.7687
Falkland Is.	Pound*	1.849
Fiji	Dollar	0.8994
Finland	Markka	4.51
France	Franc	6.0065
Fr. C'ty in Af.	C.F.A. Franc	300.325
Fr. Guiana	Franc	6.0065
Fr. Pac. Is.	C.F.P. Franc	102.758
Gabon	C.F.A. Franc	300.325
Gambia	Dalasi	2.1633
Germany (E)	Ostmark (O)	2.3668
Germany (W)	Mark	2.3668
Ghana	Cedi	2.75
Gibraltar	Pound*	1.848
Greece	Drachma	60.65
Greenland	Dan. Krone	7.7687
Grenada	E. Caribbean $	2.7025

COUNTRY	CURRENCY	VALUE OF DOLLAR
Guadaloupe	Franc	6.0065
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	38.8394
Guinea Rep.	Syli	21.79
Guyana	Dollar	3.0179
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	5.865
Hungary	Forint	34.4297
Iceland	Krona	9.439
India	Rupee	9.1074
Indonesia	Rupiah	648.00
Iran	Rial (O)	79.00
Iraq	Dinar	0.2953
Irish Rep	Punt*	1.4867
Israel	Shekel	17.20
Italy	Lira	1264.57
Ivory Coast	C.F.A. Franc	300.325
Jamaica	Dollar	1.7841
Japan	Yen	236.05
Jordan	Dinar	0.3445
Kampuchea	Riel	n.a.
Kenya	Shilling	10.5406
Kiribati	Aust. Dollar	0.9197
Korea (Nth)	Won	0.94
Korea (Sth)	Won	708.00
Kuwait	Dinar	0.2812
Lao P'ple D. Rep.	Kip	10.00
Lebanon	Pound	4.915
Lesotho	Loti	0.9857
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	1.8997
Luxembourg	Lux Franc	39.365
Macao	Pataca	6.0967
Madagascar D. R.	Franc	300.325
Madeira	Port. Escudo	69.25
Malawi	Kwacha	0.9297
Malaysia	Ringgit	2.3165
Maldive Is.	Rupee	3.93
Mali Rp.	Franc	600.65
Malta	Pound*	2.4919
Martinique	Franc	6.0065
Mauritania	Ouguiya	49.30
Mauritius	Rupee	11.0339
Mexico	Peso	26.77
Miquelon	Fr. Franc	6.0065
Monaco	Fr. Franc	6.0065
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	5.6377
Mozambique	Metica	29.6647
Namibia	S.A. Rand	0.9867
Nauru Is.	Aust. Dollar	0.9197
Nepal	Rupee	13.30
Netherlands	Guilder	2.5975
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	1.2607
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	300.325
Nigeria	Naira (O)	0.6571
Norway	Krone	5.962
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	10.245
Panama	Balboa	1.00
Papua N.G.	Kina	0.7075
Paraguay	Guarani	126.00
Peru	Sol	534.54
Philippines	Peso	8.278

COUNTRY	CURRENCY	VALUE OF DOLLAR
Pitcairn Is.	N.Z. Dollar	1.2607
Poland	Zloty (O)(5)	80.00
Portugal	Escudo	69.25
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6397
Reunion Ile de la	Fr. Franc	6.0065
Romania	Leu (O)	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	1.849
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	6.0065
St. Vincent	E. Caribbean $	2.7025
Samoa (Western)	Tala	0.8881
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1264.57
Sao Tome & Principe DR	Dobra	39.9427
Saudi Arabia	Riyal	3.4095
Senegal	C.F.A. Franc	300.325
Seychelles	Rupee	7.3439
Sierra Leone	Leone	1.2066
Singapore	Dollar	2.1145
Solomon Is.	Dollar	0.9038
Somali Rep.	Shilling (6)	6.35
	Shilling (7)	12.46
South Africa	Rand	0.9867
Spain	Peseta	100.16
Span. Ports in N. Africa	Sp. Peseta	100.16
Sri Lanka	Rupee	20.65
Sudan Rep.	Pound* (1)	1.1111
Surinam	Guilder	1.785
Swaziland	Lilangeni	0.9857
Sweden	Krone	5.7645
Switzerland	Franc	1.8997
Syria	Pound	3.9263
Taiwan	Dollar (O)	37.00
Tanzania	Shilling	8.2747
Thailand	Baht	23.00
Togo Rep.	C.F.A. Franc	300.325
Tonga Is.	Pa'anga	0.9197
Trinidad & Tobago	Dollar	2.4063
Tunisia	Dinar	0.5393
Turkey	Lira	135.03
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.9197
Uganda	Shilling	78.00
Utd. A'b. Emir.	Dirham	3.673
Utd. Kingdom	Pound Sterling*	1.848
Upper Volta	C.F.A. Franc	300.325
Uruguay	Peso	11.769
U.S.S.R.	Rouble	0.7737
Vanuatu	Vatu	97.0748
	Aust. Dollar	0.9197
Vatican	Lira	1264.57
Venezuela	Bolivar	4.2937
Vietnam	Dong (O)	2.18
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.57
Yemen PDR	Dinar	0.3415
Yugoslavia	Dinar	44.8803
Zaire Rp.	Zaire	5.6045
Zambia	Kwacha	0.9041
Zimbabwe	Dollar	0.7275

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—By decree on 9/11/81 dual exchange rate abolished and Sudanese Pound devalued by 12½ per cent.
(3) Egypt—Floating rate fixed daily by Central Bank of Egypt for Importers, Exporters, Tourists.
(4) Argentina—Commercial and Financial rate combined 30/12/81. (5) Poland—Official rate 80 effective 1/1/82.
(6) Somali: Parallel exchange rates introduced 1st July—for essential imports. (7) Somalia: Exports and Non Essential Imports and Transfers.

NEW HIGHS AND LOWS FOR 1981/2

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981-82.

NEW HIGHS (92)

BRITISH FUNDS (9)
Treas. 8¼pc '82; Fndg. 5½pc '82-84; Exch. 9¼pc '82; Exch. 13¼pc '87; Exch. 8¼pc '83; A (£20 pd.); Treas. 9¾pc '83; Exch. 15pc 1997; Exch. 10pc '83; Treas. 12pc '87

COMMONWEALTH AND AFRICAN LOANS (1)
Aust. 5½pc '81-82

BANKS (1)
NatWest

BEERS (1)
Allied-Lyons

BUILDINGS (3)
Costain Dfd.; Newarthill; Tunnel B

CHEMICALS (3)
Hickson & Welch; Stewart Plastics; ICI

STORES (3)
Lincroft Kilgour; Martin The N'agent; Wilkinson Warburton

ELECTRICALS (2)
BICC; Eurotherm Int.

ENGINEERING (5)
Assoc. British; Mitchell Somers; Edbro; Tomkins (F. H.); Howden Group

FOODS (4)
Hinton (A.); Low (Wm.); Kwik Save; Sainsbury (J.)

INDUSTRIALS (12)
BOC; Phillips Patents; Do. 9pc Cnv.; Riley (E. J.); Bath & Portland; Securicor; Blundell-Permoglaze; Sidlaw Inds.; Extel; Trafalgar House; Haima; Wolseley-Hughes

INSURANCE (1)
Eagle Star

LEISURE (2)
LWT A; Intasun

NEWSPAPERS (2)
Pearson Longman; Assoc. Book Pub.

PAPERS (1)
Bunzl Pulp

PROPERTY (1)
Markheath 54.6pc Pfd

SHIPPING (1)
Brit. and Cmn'wealth

TEXTILES (3)
Corah; Notts. Man.; Highams

TOBACCOS (2)
Imperial; BAT Inds.

TRUSTS (32)
Aberdeen Trust; Glasgow Stkholders.; Altifund Cap; Guardian Inv. Trust; Anglo Am. Secs.; Hill (Philip); Atlas Elect.; International Inv; Caledonia Invs.; Lon. & Holyrood; Capital & Nat.; Lon. & Montrose; Do. B; Lon. & Prov.; Cedar Invs.; Raeburn; Continental Union; River & Mercantile; Drayton Cons.; Scot. Eastern Inv.; Do. Premier; Sphere Inv.; Dundee & London; Sterling Trust; Electra Inv. Trust; U.S. Deb. Cpn.; Eng. & N.Y. Trust; U.S. & Gen. Tst.; Gen. & Comm.; Yeoman Inv.; Gen. Cons.; S.E. 5¼pc Ann.

OIL AND GAS (2)
Century; ORE

OVERSEAS TRADERS (1)
Berisford (S. and W.)

NEW LOWS (20)

CANADIANS (1)
Royal Bk. of Canada

INDUSTRIALS (3)
B. H. Prop.; Swire Pacific; Central & Sheerwood

LEISURE (1)
Zetters

MOTORS (1)
Dowty

PROPERTY (1)
Swire Props.

OIL AND GAS (4)
Cluff Oil; Weeks Pt. (Aust.); Tri Basin; Westfort Pet.

RUBBERS (1)
Harrisons Mly. Est

MINES (8)
Wit. Nigel; Oakbridge; *Gold Mines of Kalgoorlie*; Otimin; Pancontinental; Metramar; Tara Exploration; Nickelore

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	88	0	5
Corpns. Dom. and Foreign Bonds	28	2	44
Industrials	301	164	890
Financial and Prop.	208	46	282
Oils	17	29	64
Plantations	2	5	17
Mines	17	58	91
Others	63	28	52
Totals	724	331	1,425

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur Feb 11 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed Feb 10 Index No.	Tues Feb 9 Index No.	Mon Feb 8 Index No.	Fri Feb 5 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	374.76	—	9.18	4.24	13.85	374.63	371.38	375.71	379.78	303.67
2	Building Materials (25)	332.86	+0.6	13.12	5.21	8.16	330.86	328.57	334.33	337.07	270.39
3	Contracting, Construction (28)	589.73	+0.9	15.49	4.80	7.59	584.43	584.89	593.11	595.15	460.43
4	Electricals (31)	1268.11	−0.2	7.24	2.27	17.64	1270.49	1252.11	1266.80	1283.35	996.09
5	Engineering Contractors (9)	520.77	+0.6	12.13	5.62	9.64	537.41	518.91	519.15	523.05	484.00
6	Mechanical Engineering (67)	199.05	−0.4	10.62	5.49	11.98	199.86	198.57	199.52	202.62	176.53
8	Metals and Metal Forming (12)	174.28	−1.3	6.98	6.99	20.12	176.59	175.77	170.09	180.58	140.75
9	Motors (27)	99.18	−0.4	—	6.71	—	99.54	98.77	100.14	101.90	87.26
10	Other Industrial Materials (17)	410.09	+0.7	7.72	5.99	16.07	407.08	406.11	409.73	418.63	381.07
21	CONSUMER GROUP (198)	296.42	+0.6	12.26	5.58	10.02	294.62	290.24	296.00	297.28	267.05
22	Brewers and Distillers (21)	290.56	+1.2	16.19	6.72	7.43	287.11	282.57	290.25	295.07	267.42
25	Food Manufacturing (21)	284.56	+0.5	14.73	6.01	8.14	283.09	280.30	283.65	285.20	221.52
26	Food Retailing (15)	608.20	+1.5	8.85	3.28	15.76	599.11	595.19	596.59	597.09	473.72
27	Health and Household Products (7)	367.26	−0.3	8.87	4.13	14.56	368.30	362.37	367.22	362.69	270.45
29	Leisure (24)	446.26	+0.6	9.86	4.95	13.92	443.74	438.36	444.29	445.34	358.91
32	Newspapers, Publishing (12)	501.87	+0.4	12.01	6.01	11.04	499.73	499.44	502.58	500.01	400.10
33	Packaging and Paper (13)	148.27	+0.8	13.49	7.27	8.86	147.16	145.29	145.61	145.69	121.58
34	Stores (45)	268.75	+0.1	10.72	5.05	12.46	268.43	262.57	267.45	271.67	239.33
35	Textiles (23)	169.37	+0.7	9.39	5.65	13.73	168.27	166.09	168.78	168.77	132.38
36	Tobaccos (3)	310.78	+1.5	18.62	8.30	6.37	306.18	270.36	301.83	306.14	234.78
39	Other Consumer (14)	275.76	+0.1	6.96	4.55	23.70	275.45	277.35	278.92	278.52	238.50
41	OTHER GROUPS (79)	260.11	+0.5	9.95	5.49	12.72	258.88	257.97	258.26	260.09	217.55
42	Chemicals (16)	353.38	+0.3	5.63	5.29	26.97	352.19	345.29	357.48	349.30	282.64
44	Office Equipment (4)	129.39	−0.2	13.29	6.64	9.04	129.57	120.76	130.72	131.95	102.12
45	Shipping and Transport (13)	583.47	+0.3	18.37	6.38	6.48	581.72	578.57	584.76	587.25	554.23
46	Miscellaneous (46)	317.65	+0.3	11.46	5.11	10.63	316.65	310.75	322.73	327.34	266.85
49	INDUSTRIAL GROUP (487)	318.60	+0.4	10.76	5.86	11.55	317.21	313.17	317.36	320.70	267.03
51	Oils (13)	688.50	−0.4	20.66	8.29	5.42	691.47	673.15	683.38	694.57	670.21
59	500 SHARE INDEX	348.76	+0.2	12.32	5.96	9.94	347.97	343.75	347.70	350.36	310.75
61	FINANCIAL GROUP (117)	259.56	+0.3	—	5.86	—	258.73	255.18	257.65	259.62	206.27
62	Banks (6)	287.27	−0.1	31.37	6.98	3.73	287.53	283.02	282.34	284.23	242.33
63	Discount Houses (9)	236.10	−0.1	—	10.62	—	236.25	236.25	238.36	238.66	300.18
65	Insurance (Life) (9)	255.14	—	—	6.28	—	255.13	253.22	257.38	258.76	260.34
66	Insurance (Composite) (10)	160.73	+0.5	—	8.35	—	160.27	157.99	160.52	159.15	154.69
67	Insurance Brokers (7)	437.69	—	10.17	5.21	13.29	437.97	437.64	443.67	438.39	314.45
68	Merchant Banks (12)	151.23	−0.3	—	5.40	—	151.54	152.68	154.26	153.36	140.52
69	Property (49)	459.37	+1.1	4.64	3.20	28.79	454.09	454.12	459.52	461.66	403.98
70	Other Financial (15)	189.35	+0.3	15.38	5.71	8.00	188.73	187.13	190.05	189.88	176.06
71	Investment Trusts (112)	319.65	+0.9	—	5.07	—	316.94	313.39	317.94	317.38	281.07
81	Mining Finance (4)	233.10	−0.2	14.78	6.10	8.14	233.67	230.75	236.67	241.45	264.21
91	Overseas Traders (17)	438.99	+1.4	11.79	7.25	10.00	433.03	429.52	433.69	436.38	437.53
99	ALL-SHARE INDEX (750)	328.75	+0.3	—	5.62	—	327.77	324.06	327.83	329.95	290.72

FIXED INTEREST

	PRICE INDICES	Thur Feb 11	Day's change %	Wed. Feb 10	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	107.93	+0.25	107.67	—	1.70
2	5-15 years	104.38	+1.32	103.01	—	1.50
3	Over 15 years	107.34	+1.53	105.73	—	0.75
4	Irredeemables	115.58	+0.75	114.71	—	0.00
5	All Stocks	106.21	+1.06	105.13	—	1.35
6	Debentures & Loans	82.17	+0.21	82.00	—	0.89
7	Preference	64.13	+0.11	64.06	—	0.40

	AVERAGE GROSS REDEMPTION YIELDS		Thur Feb 11	Wed Feb 10	Year ago (approx.)
	British Government				
1	Low	5 years	12.57	12.78	11.98
2	Coupons	15 years	13.47	13.65	12.97
3		25 years	13.21	13.40	12.44
4	Medium	5 years	15.00	15.27	13.36
5	Coupons	15 years	14.05	14.20	13.89
6		25 years	14.39	14.61	13.97
7	High	5 years	15.18	15.32	13.94
8	Coupons	15 years	15.10	15.35	14.12
9		25 years	14.74	14.94	13.80
10	Irredeemables†		12.92	13.02	11.97
11	Debs & Loans	5 years	16.11	16.18	14.36
12		15 years	15.96	16.01	14.60
13		25 years	15.97	15.91	14.69
14	Preference†		15.60	15.62	15.07

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

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AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)
Registrar's Dept., Goring-by-Sea,
Worthing, West Sussex. 01-623 1288

Balanced	79.1	85.0	+0.9	4.45
Do. (Accum.)	124.1	133.4	+1.5	4.45
Energy Int.	39.0	41.9	+0.1	2.99
Do. (Accum.)	40.3	43.3	+0.1	2.99
Extra Income	65.4	70.3	+0.6	8.40
Do. (Accum.)	[illegible]	100.1	+1.2	8.40
Income	103.1	110.8	+0.8	6.71
Do. (Accum.)	169.8	182.5	+1.4	6.71
Int. Technology	77.4	83.3	.....	0.47
Do. (Accum.)	78.8	84.8	.....	0.47
N. American & Gen.	46.5	49.9	+0.5	1.36
Do. (Accum.)	47.8	51.3	+0.6	1.36
Pacific Basin	47.0	50.5	.....	0.70
Do. (Accum.)	47.3	50.9	.....	0.70
Small Cos. & Recy.	59.8	64.3	+0.2	2.87
Do. (Accum.)	62.7	67.4	+0.2	2.87
Worldwide Gwth.	87.1	93.6	+0.2	2.22
Do. (Accum.)	117.0	125.8	+0.3	2.22

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	282.9	297.8	.....	4.00

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Property Fd. Jan. 31		158.90	.....	6.88
Wider Fd. Jan 31		[illegible]	+8.50	5.00
Narrower Fd. Jan. 31		73.40	[illegible]	13.90

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

American	67.4	72.5	+0.2	2.55

INSURANCE PROPERTY BONDS

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981-82 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
107	99¼	Treasury 14pc '82‡‡	99⅞xd	.....	14.00	14.38
99⅞	98⅛	Treas. Variable '82‡‡	99⅞	.....	14.09	14.10
98	95¼	Treasury 8¼pc '82	98	+⅛	8.42	13.59
97	93½	Exch. 9¼pc 1982	97	+⅛	9.54	14.47
96	92½	Exch. 8¾pc 1983	96	+¼	9.11	13.58
93⅛	85⅞	Exch. 3pc 1983	93xd	+¼	3.23	10.39
99⅞	95	Treasury 12pc 1983‡‡	98⅛xd	+⅛	12.23	14.00
99⅞	96½	Treas. Variable '83‡‡	99⅞	.....	14.12	14.28
95¾	90¼	Treasury 9½pc '83	95¼	+⅛	9.66	12.59
101⅝	95¼	Exch. 13½pc '83	99½	.....	13.57	13.76
95	89¼	Exch. 10pc 1983	95	+⅛	10.53	13.11
89½	83½	Funding 5½pc '82-84‡‡	89¾	+¼	6.13	11.58
96¼	90	Exch. 11¼pc 1984	96xd	+⅛	11.72	13.59
103⅞	95¼	Exchequer 14pc 1984	99⅞	+⅛	14.05	14.15
84½	77	Exch. 3pc 1984	83⅞	+⅛	3.60	11.24
98⅞	90½	Treasury 12pc 1984	94⅜	+⅛	12.72	14.63
107½	95⅞	Treasury 15pc 1985	100⅝xd	+¼	14.93	14.80
98⅞	89¼	Exch. 12pc Cnv. '85	92¾	+¼	12.94	14.99
77¾	71	Treasury 3pc 1985	77¼	+½	3.88	11.54
96⅜	85¼	Treasury 11½pc 1985	92⅛	+¼	12.62	14.90
98⅞	87⅞	Exch. 12¼pc 1985	92¼	+¼	13.28	14.97
97⅛	84½	Exch. 11½pc '86	90½xd	+¼	12.93	14.99
73	65¼	Treasury 3pc 1986	72½	+¼	4.14	10.94
97⅜	84½	Treasury 12pc '86	90	+¼	13.33	15.21
88⅞	78½	Treasury 8¼pc '84-86‡‡	82⅞	+⅛	10.32	13.99
95⅞	91⅞	Exch. 14pc 1986	95⅞	+¼	14.69	15.39
103⅞	90	Exch. 13¼pc 1987	93¼	+¼	14.21	15.23
20⅛	20	Do. A (£20pd)‡	20⅛	+⅛	14.19	15.06

Five to Fifteen Years

1981-82 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
81¼	71⅛	Funding 6½pc '85-87‡‡	77¾	+¼	8.56	12.99
64¼	54½	Treasury 3pc 1987	64¾	.....	4.55	12.14
97½	81½	Treas. 12pc 1987	93½	+1⅛	13.67	15.53
81⅛	72¼	Treasury 7¾pc '85-88‡‡	76½	+½	10.18	13.74
65½	55⅞	Transport 3pc '78-88	62½	+¼	4.83	11.54
92¼	79	Treasury 11½pc 1989	86xd	+1¼	13.64	15.21
67¼	59⅛	Treasury 5pc '86-89	65¼	+¼	7.99	12.23
101½	85¼	Treasury 13pc 1990‡‡	91⅛	+1¼	14.42	15.17
95⅞	81⅞	Exch. 12½pc 1990	92⅛	+1¼	14.33	15.29
80⅞	69⅞	Treasury 8¼pc '87-90‡‡	73⅞	+1	11.37	13.91
93⅛	77¼	Treasury 11¾pc 1991	84⅛	+1¼	14.15	15.28
66¾	57	Funding 5¾pc '87-91‡‡	63	+½	9.43	13.23
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

هكذا من الأصل

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

[illegible]

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

[illegible]							
25½	12	Burma Mines 10p	14½	......	0.75	0.9	7.4
330	85	Colby Res. Corp.	85	......	—	—	—
330	200	Cons. Murch. 10c.	290	......	Q60c	♦	11.0
10	5	‡‡Exploura Gold	7½	......	—	—	—
98	47	††Hemerdon 10c.	60	......	—	—	—
190	65	Highwood Res.	85	−5	—	—	—
505	205	Northgate C$1	210	......	—	—	—
633	372	R.T.Z.	404	−3	16.0	2.3	5.1
£130½	£93½	Do.9½%Cv.Ln.'95-2000	£102	......	Q9½%	—	f9.4
165	13	††SPU Minerals 10p	16	......	—	—	—
47	15	Sabina Inds. C$1	17	......	—	—	—
64	21	‡Southwest C. 10p	31	......	—	—	—
680	355	Tara Explm. $1	355	−15	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ♦ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	42	......	IRISH		
Bertrams	17#	......	Conv. 9% '80/82	£94⅝	......
Bdg'wtr. Est. 50p	415	......	Nat. 9¾% 84/89	£64⅝	......
Craig & Rose £1	£12⅝	......	Fin. 13% 97/02	£79¼	......
Finlay Pkg. 5p	26	......	Alliance Gas	78	......
Graig Ship. £1	£22	......	Arnott	229	......
Higsons Brew	60	......	Carroll (P.J.)	74	......
Holt (Jos) 25p	525	......	Concrete Prods.	90	......
I.O.M. Stm. £1	192	......	Heiton (Hldgs.)	25	......
Pearce (C. H.)	£10½	......	Irish Ropes	37	......
Peel Hldgs.	122	......	Jacob	60	......
Sheff. Refrsht.	87½	+2½	T.M.G.	13	......
Sindall (Wm.)	200	......	Unidare	53	......

OPTIONS

3-month Call Rates

Industrials		House of Fraser	15	Utd. Drapery	7
Allied-Lyons	8	I.C.I.	24	Vickers	16
BOC Intl.	15	"Imps"	8	Woolworths	5
B.S.R.	8½	I.C.L.	5½		
Babcock	16	Ladbroke	15	Property	
Barclays Bank	42	Legal & Gen.	19	Brit. Land	7½
Beecham	21	Lex Service	10	Cap. Counties	10
Blue Circle	40	Lloyds Bank	42	Land Secs.	23
Boots	19	"Lofs"	6½	MEPC	20
Bowaters	26	London Brick	7	Peachey	14
Brit. Aerospace	17	Lucas Inds.	20	Samuel Props.	11
B.A.T.	38	"Mams"	12	Town & City	3½
Brown (J.)	7	Mrks. & Spncr.	12		
Burton Ord.	15	Midland Bank	30	Oils	
Cadburys	9	N.E.I.	9	Brit. Petroleum	26
Courtaulds	8	Nat. West. Bank	30	Burmah Oil	10
Debenhams	7	P & O Dfd.	10	Charterhall	6
Distillers	15	Plessey	32	KCA	14
Dunlop	6½	Racal Elect.	35	Premier	6
Eagle Star	31	R.H.M.	6½	Shell	30
F.N.F.C.	4	Rank Org. Ord.	23	Tricentrol	22
Gen. Accident	28	Reed Intnl.	26	Ultramar	38
Gen. Electric	65	Sears	6		
Glaxo	42	Tesco	5½	Mines	
Grand Met.	17	Thorn EMI	42		
G.U.S. 'A'	45	Trust Houses	11	Charter Cons.	25
Guardian	25	Tube Invest.	13	Cons. Gold	45
G.K.N.	15	Turner & Newall	11	Lonrho	7
Hawker Sidd.	30	Unilever	53	Rio T. Zinc	42

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Friday February 12 1982

NUR LEADER URGES MINERS NOT TO INTERVENE

Inquiry unlikely to end rail dispute

BY PHILIP BASSETT AND JOHN LLOYD

PROSPECTS of the rail inquiry providing an acceptable solution to the British Rail pay and productivity dispute seemed slim yesterday as the committee chaired by Lord McCarthy finished taking evidence and began deliberations on its findings.

Leaders of the Associated Society of Locomotive Engineers and Firemen seem unlikely to relax their series of strikes unless the inquiry comes out unequivocally in the union's favour both over the payment of a disputed 3 per cent and the crucial productivity issue of flexible rostering.

BR was careful not to commit itself to accepting the outcome of the inquiry. Mr Cliff Rose, board member for industrial relations, said the board would "look constructively" at whatever recommendations Lord McCarthy made. However BR is unlikely to accept the inquiry's non-binding outcome if it comes down heavily in Aslef's favour.

No onnouncement of the inquiry's findings is likely before early next week, although the BR board's decision to postpone its meeting due today until Tuesday afternon may give *some indication of the likely* time of publication.

Many in the industry accept that the inquiry will find the board in the wrong for withholding the 3 per cent from Aslef, as the board has already admitted is was in breech of agreement in doing so. The question is over the inquiry's attitude flexible rostering.

Prospects of the mineworkers, the most powerful industrial group, aiding Aslef have effectively been squashed by a letter to the National Union of Mineworkers from Mr Weighall, general secretary of the National Union of Railwaymen, asking the NUM executive to "refrain from making any declarations about the dispute in *any way, shape or form.*"

Mr Weighell's letter was discussed by the NUM executive yesterday with a letter from Mr Ray Buckton, general secretary of Aslef, calling for "any further positive action your union can give."

Mr Joe Gormley, NUM president, has called for a meeting of the three rail unions—includ*ing the white collar rail union* TSSA—for next Monday. The main purpose will be to ensure that the rail dispute does not affect the coal industry.

Mr Gormley said the executive had agreed to reaffirm its previous support for Aslef, but "we are not going to stop our own pits if we can avoid it."

Mr Arthur Scargill, the NUM's *president-elect, took a different* line. He said in most areas unions had instituted a "complete blacking operation." He reminded mineworkers that Aslef supported them in 1972 and 1974.

Mr Gormley gave an example of a "sensible arrangement" between the union and the Coal Board at the South Wales pit *of Betwys to move coal to a* nearby stockyard by lorry to relieve pressure on pit storage space.

The board said yesterday 3.2m tonnes of deliveries had been held up by the strike and 2m tonnes by the weather, representing a delayed cash flow of £200m. The Central Electricity Generating Board *said it had stocks of 12.7m* tonnes of coal, which was average for the period.

The Coal Board said stocking was "getting a bit tight" in some areas, but it was a long way from crisis. There was no need for layoffs or temporary pit closures.

Mr Weighell's letter was a forthright call to the NUM executive to leave the rail strike alone. Mr Weighell reminded the executive that both unions are members of the Triple Alliance grouping of rail, coal and steel unions—Aslef is not a member—and said there are *some areas of difference* between the unions.

Mr Buckton's letter is less pointed. Much of it is an explanation and justification of Aslef's position.

Feature, Page 18
BR explains flexible rostering, Page 9

Way cleared for state takeover in France

By David White in Paris

A LARGE slice of France's industrial and banking sectors *will be taken under state con*trol at the weekend following the Constitutional Council's rejection yeseterday of a second Opposition appeal against the Government's Nationalisation Bill.

Five large industrial groups, 18 private sector banks and two holding companies with far-flung banking and indus*trial interests are immedlately* nationalised under the Act.

A further 21 banks whose shares are not quoted on the stock market are due to be taken over on July 1 after special compensation terms have been worked out.

The last domestic obstacle has now been removed. But the law may still be challenged in foreign courts.

The Government intends to name new chairmen for the *nationalised companies at its* Cabinet meeting next Wednesday.

Thepresent boards will be dissolved as son as *the law* is signed by President Mitterrand and published in the Official Journal.

A revised version of the law, which brings a large part of the country's chemicals, *metals, glass and electronics* industries into the public sector and greatly extends the state's control of banking, was passed by the Socialist-dominated National Assembly at its third reading a week *ago.*

The nine-man Constitutional Council, which has supreme powers as guardian of France's 1958 Constitution, consented to the Act after once sending it back to the *Government for revision.*

With a separate law covering the two largest French steel companies, Usinor and Sacilor, the Act introduces the first nationalisations in France since the immediate *post-war period.*

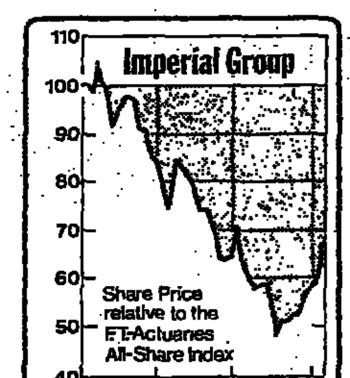
The cumulative cost of compensation, including interest, is put by the Government at FFr 47bn and FFr 49bn (£4.2bn-£4.4bn). This figure, which will be re*duced by several billion* francs because of cross-shareholdings between the companies involved, is FFr 7bn-FFr 9bn more than it would have been under the original compensation terms pro*posed by the Government.*

The Constitutional Council, which provoked a storm in the Government benches when it turned down parts of the first version of the Act —notably the compensation *terms — yesterday accepted* the changes as bringing the text into line with the constitution.

THE LEX COLUMN

Imperial rolls up its sleeves

Index fell 1.7 to 572.0



Imperial Group's share price has been signalling a much needed change of direction since *last summer and yesterday's* preliminary figures fulfilled best hopes. Far from being cut, the dividend is actually covered by current cost earnings according to Imperial's reckoning, and the downturn in profits has been sharply reversed in the latter part of the year. The balance-sheet looks sound, and the first quarter of 1982 has seen a *marked improvement* on last year's very poor outcome.

These numbers need to be *treated with care*. After all, there has been another £38.8m of (unspecified) extraordinary losses in 1980-81, following a similar level of provisions in the previous year. And pre-tax profits include around £4m from pub disposals, *rather* more than in 1979-80. But there is no denying that pre-tax profits of £106m are far higher than could have been expected last July, when Imperial reported a half-yearly total of just £29.7m, *and the previous* chairman resigned.

The key to the second half improvement is a sharp recovery in tobacco profits after a period of intense price competition, volume declines, and unprecedented promotion spending. In addition, the Howard Johnson business has gained from seasonal swings, and the UK poultry side has moved out of the red.

However Imperial still has a lot to do. The UK cigarette business remains in long term decline: shorter term, Imperial *thinks that competitive pres*sures might now be boiling up again, and the Budget poses an obvious threat. There are still big problems in the poultry business, which lost over £10m last year of which perhaps £8m *arose in the U.S. And although* Imperial has made a gallant attempt to dress up the Howard Johnson figures, a trading profit of around £26m (including investment income) is a very poor return on a deal which *cost £280m.*

A major reassessment of the group's activities is now under *way. Meanwhile the shares still* yield nearly 13 per cent.

Amersham Intl.

Despite the obvious high-tech*nology glamour of Amersham* International, the Government's advisers have not quite dared to pitch the prospective fully-taxed p/e in the offer for sale quite as high as 20; at an offer price of 142p the p/e is 19, or 11¼ on an actual tax basis. The yield, for those who care about such things in this fancy sector, is 3½ per cent *on a dividend* twice covered by fully-taxed earnings. This has all the making of a lively issue next week. Meanwhile new employees of Amersham will experience one of the joys of privatisation: a *non-inflation-proofed pension* scheme.

Dowty

One of Dowty's most pressing problems in recent years has been a shortage of manufacturing capacity to meet booming aerospace demand. But that particular difficulty is now history, with a lower contribution from this business partly responsible for the 18 per cent drop in pre-tax profits to £15.7m in the half year to September.

The aerospace performance *has been hit by strikes, but* there has also been a slight decline in underlying volume, with Tornado sets, for instance, going through at a slower rate. On the civil side meanwhile, lower demand for new planes and, *since usage is down, for* spares, has kept trading margins below last year's levels.

By contrast, after last year's rationalisations, a measure of recovery is showing through in the group's mining and industrial divisions. Mining equipment profits have doubled to *£4.7m from the level of the pre*ceding six months, helped by strong exports to North America. On the industrial side volume is a little better, and the railway marshalling business is also making a contribution. However the electronics division has slipped because of the cutback in defence orders for sonar buoys.

So, in spite of a fairly flat demand picture all round, the company should recoup the first-half shortfall in the current six months and produce a pre-tax outcome in the region of last year's £36.2m. After the sharp *drop last year, the shares, down* 8p yesterday at 116p, are standing on a p/c of about 13, fully-taxed.

Lonrho

Lonrho's figures for the year to last September, rather overshadowed yesterday by the group's excursion into airline finance, show a solid performance at the pre-tax level, where there is a marginal advance *from £119.1m to £120.6m* in what must have been a difficult year. Associates again contribute a quarter of the total, and after a 45 per cent tax charge and a large deduction for minorities (some relating to *Princess Properties, now wholly-owned*), attributable profits have fallen by 15 per cent to £38.1m This is just enough to cover net extraordinary costs and pay the dividend.

This year dull metal prices *may hit Lonrho even more than* in 1980-81, and there is a 37 per cent rise in loan capital to service. Against that the Hadfields losses—£5m above the line and £21½m below—should be eliminated, and there is good *recovery elsewhere.*

In the last three years Lonrho has produced retentions of less than £20m on sales of more than £6bn. But net worth has bounced up by nearly half over the same period to £488m thanks to a *rights issue* and lots of write-up. There will be an extra £47m boost to stated equity from Princess, which is worth its own weight in negative goodwill.

The company's character style is displayed to advar[...] in the dividend declara[...] Lonrho paid 10p for 197[...] *including a 1p "special,"* a[...] now proposing 9p for 19[...] with an extra penny on a[...] for this year. It is alm[...] though a dividend cut had been *disguised as a prospective in*crease: it is left to the market *to decide whether the yield at* 89p, up 3p yesterday, is 15.7 per cent or an even more eloquent 17.4 per cent.

Law Lords support union in blacking case

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THERE WERE strong grounds for the belief that the blacking of a television series by the television technicians union was *legitimate industrial action, the* House of Lords decided yesterday.

The judgment is the first major test case of the secondary blacking provisions in the 1980 Employment Act. It could limit *the extent to which the legisla*tion was thought to have widened anti-blacking laws.

Five Law Lords unanimously allowed an appeal by two officials of the Association of Cinematograph, Television and Allied Technicians against a temporary injunction granted by the Court of Appeal to Hadmor Productions.

The injunction ordered the union to stop its members at Thames Television blacking a £500,000 musical series about *pop stars, produced by Hadmor* a facility company, which makes programmes for television stations.

Thames transmitted part of the series but withdrew it before the blacking began.

The Appeal Court ruled the union's action illegal, holding that there was no trade dispute *between Hadmor and ACTT*, and granted an injunction pending full trial of Hadmor's court action.

Lord Diplock said yesterday it appeared to be "a classic instance of a trade dispute arising out of fears for job security in a period of high unemployment."

When the case came for trial it was likely the two officials would establish that they were covered by the immunities from legal action given by section 13 *of the 1974 Trade Union and* Labour Relations Act.

Lord Diplock had no doubt that they had been acting in contemplation or furtherance of a trade dispute.

He said that ACTT members at Thames *feared redundancies* if the company used material produced by outside companies, rather than making programmes in their own under-used studios.

There was uncontradicted evidence of an agreement between Thames and the union about prior consultation before Thames would use programmes from facility companies. ACTT *claimed that Thames* had broken that agreement in relation to the Hadmor series.

However misguided the union had been in threatening to black the series, its purpose had not been to injure Hadmor, however inevitable such injury might be, said Lord Diplock.

Hadmor Productions said *later that, although its £1.5m* damages claim against ACTT was still in existence, the company would have to consider the Law Lords' ruling fully before deciding whether or not to pursue the claim.

Nott will urge Trident D5 purchase

By Bridget Bloom, Defence Correspondent

MR JOHN NOTT, the Defence Secretary, will recommend to *the Cabinet that the new larger* and more expensive Trident D5 missile should be Britain's next-generation nuclear deterrent.

Mr Nott said yesterday that he hoped the Government would decide "as soon as possible" to buy the D5 missile, which, with new submarines, is designed to replace the ageing Polaris *system in the 1990s.*

The Government's initial agreement to replace Polaris with Trident, announced in July 1980, was badly shaken by President Reagan's decision last October to phase out the C4 Trident missile. *Britain was to* order it in preference to the larger D5, which is still being developed.

Mr Nott admitted that the new missile, expected to have a range of 6,000 miles and at least 10 warheads per missile, would be more expensive than the C4, and that it would need a larger *and considerably* more expensive submarine.

The advantages of choosing a weapon which would be in production in the U.S. for as long as Britain was likely to need it were overwhelming.

Britain's recent experience with Polaris had shown the difficulties in going for a "unique" weapon. The Polaris *production line was having to* be reopened at considerable cost to re-motor the Polaris missiles, while Chevaline, a device to modernise the "front end" of the missile, while now apparently successful, cost £1bn *at 1980 prices*, three times more than planned.

Abolition of all metropolitan counties to be studied

BY ROBIN PAULEY

A PAPER detailing how all *the metropolitan counties* in England could be abolished before the next general election is being prepared for the Cabinet as a matter of priority. The counties are Greater Manchester, Merseyside, South York*shire, Tyne and Wear, West* Midlands and West Yorkshire.

The paper, most of which is being *prepared* by Environment Department officials, will look at abolishing the Greater London Council, the Governments *bête noir*. This move could not be contemplated, however, until after the election *because of the complex practical* issues involved.

Ministers feel there may be substantial political capital to be gained from removing the metropolitan counties.

They are all Labour-controlled. Together with the GLC and Inner London Education Authority, they are regarded by the Government as being responsible for the majority of the overshooting of expenditure targets. Three of them levied supplementary rates during 1981-82.

The six metropolitan counties had total budgets for the *current year of £1.33bn com*pared with the Government's assessment that they would need £786m to provide a standard level of services. Although government assessments are generally seen as unrealistic, *grant entitlements are reduced* once these benchmarks have been passed. Thus heavy metropolitan county spending has contributed much to rising rate bills in their areas.

Ministers also feel that it *would be difficult for the oppo*sition to campaign strongly against the ending of the metropolitan counties. Many of the Labour-controlled metropolitan districts support such a move and are anxious to take over all the functions for their areas.

The principal function of the metropolitan counties is transport, which could not be organised on a district by district basis although the districts could co-operate on an area passenger transport authority if necessary. Other metropolitan county functions which could be reorganised on a similar basis include the fire service and police.

Many members of the metropolitan counties feel that the way in which the counties were structured in the 1974 reorganisation of local govern*ment makes it hard to justify* their continuance since they are long on administration, short on services and electorally remote.

The issue has been before the Cabinet on at least two previous occasions. Although there has been widespread agreement in principle, no timetable for abolition has been fixed.

Imperial shows improvement

BY RICHARD LAMBERT, FINANCIAL EDITOR

IMPERIAL GROUP, the leading tobacco, brewing and food manufacturer disclosed better than expected results yesterday for 1980-81, and outlined a wide-ranging reassessment of its business activities.

Profits in the year to October fell by £20.9m to £106m pre-tax. This marked a sharp improvement from the first six months, when profits were £41m lower. The dividend for the *year* is unchanged at 7.25p a share.

Mr Geoffrey Kent, who took over as chairman last July after the sudden departure of Mr Malcolm Anson, said that no-one could pretend that the latest figures were satisfactory.

All parts of the group were being examined with regard to their potential for the future, and no options closed.

The poultry business in particular had made substantial *losses last year*. "No decision has been made to sell these businesses to a particular buyer," Mr Kent said.

Another possibility which had to be considered was closure of cigarette-making capacity. Mr Kent *thought* it extremely unlikely that modern factories like those at Bristol or Nottingham would close.

Imperial claims about half the UK cigarette market, with brands including John Player and Embassy. It owns Courage, the brewing concern; Buxted Poultry Golden Wonder; and the Howard Johnson restaurant chain in the U.S.

The group has already implemented substantial closures in the UK. Provisions for extraordinary losses last year totalled £38.8m, and the UK workforce, which was *89,000 in 1980, has been cut by* 6,600.

Explaining Imperial's better performance in the second half, Mr Kent said that the tobacco side benefited from better prices and a return to more normal levels of promotional spending.

The UK poultry side had *begun to move into profit by* the New Year and some of the other food activities had done very well.

Overall the first quarter of 1982 showed a significant improvement over the very depressed levels of last year.

The shares closed 4½p higher, at 84½p.

Details Page 20

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Laker

Sir Freddie and Mr Rowland met Mr Iain Sproat, Parliament*ary Under-Secretary for Trade*, on Wednesday evening to describe their plans for the new airline. Mr Rowland said last *night: "I think the Government* will be extremely helpful on the licences. Mr Sproat was very helpful when we met."

It is understood the route licences were originally issued to Laker Airways International Limited, the Jersey-registered holding company which is not in receivership. The route licences, are still held by the company and could be *more* easily transferred to any new airline than originally thought likely.

Sir Freddie and Mr Rowland will still need to convince the authority of the extent of the financial arrangements behind the new airline and its ability to meet stringent airworthiness and safety regulations.

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Attack on U.S. budget

In question time exchanges in the Commons, Sir Geoffrey took a similar line. He said European nations had made their concern plan to the U.S. authorities. He promised to consider the possibility of making representations on the issue to Congressional leaders.

Herr Poehl's comments followed the meeting of central *bank governors from the main* industrial countries in Basle earlier this week.

He and other European central bankers left from the meeting deeply pessimistic about the effect of the latest American budget announcements on international interest rates.

The focus of Herr Poehl's criticism is not the Federal Reserve Board, but the policies of the Reagan Administration inself. "On the finance markets it is apparently feared that the enormous increase in arms spending, the simultaneous massive tax cuts, and as a result a budget deficit of alarming proportions can lead to a situation in the U.S. in which either interest rates remain extremely high or inflation will accelerate" he said.

Continued from Page 1

S. Africa

50 per cent of the republic's exports.

Mr Horwood said the deterioration in the balance of payments appeared to be slowing. Imports had declined

One of the advantages of the Government's strategy is that both the measures announced yesterday will bring in revenue immediately.

The increase will generate an extra R600m (£330m), and Mr Horwood yesterday estimated that the two measures would bring additional revenue of almost R1.2bn in the next financial year.

Weather

UK TODAY

SUNNY intervals, some mist or fog, rain spreading from north and west.

London, East, E. Midlands and Central England
Becoming cloudy, some rain. *Max. 11C (52F).*

Wales, W. England, S.W. Scotland
Outbreaks of rain. Some gales. Max. 11C (52F).

Rest of England and Scotland, Northern Ireland
Some rain, gales, mild. Max. 9C (48F).

Outlook: Unsettled, night frost.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	13	55	L Ang †	F	−2	28
Algiers	C	16	61	Luxmbg.	S	8	46
Amsdm.	S	11	52	Luxor	S	7	45
Athens	C	6	43	Madrid	C	10	50
Bahrain	S	17	63	Majorca	C	15	59
Barclna	C	13	55	Malaga	C	15	59
Beirut		—	—	Malta	F	14	57
Belfast	S	6	43	M'chstr	R	7	45
Belgrd	S	3	37	Melbne.		—	—
Berlin	S	8	46	Mx. C †		—	—
Biarritz	F	15	59	Miami†		—	—
Bmghm	C	7	45	Milan	Fg	2	36
Blackpl.	C	6	43	Montrl †	C	−14	7
Bordx	F	12	54	Moscow	Sn	−3	27
Boulgn.	C	11	52	Munich	F	10	50
Bristol	R	7	45	Nairobi		—	—
Brussels	S	11	52	Naples	S	12	54
Budpst.	S	3	37	Nassau		—	—
Cairo	F	18	64	Nwcstl	C	7	45
Cardiff	R	6	43	N York†		—	—
Cas'b'ca	C	18	64	Nice	S	14	57
Cape T.		—	—	Nicosia		—	—
Chicg †	F	−16	3	Oporto	C	12	54
Cologne	F	10	50	Oslo	Fg	0	32
Cpnhgn.	F	5	41	Paris	S	11	52
Corfu	S	14	57	Perth	S	32	90
Denver†		—	—	Prague	S	3	37
Dublin	S	7	45	Reykjvk	C	−1	30
Dbrvnk.	S	11	52	Rhodes	C	13	55
Ednbgh.	C	7	45	Rio J'ro†		—	—
Faro	F	16	61	Rome		—	—
Florence		—	—	Salzbrg.	S	11	52
Frankft	S	8	46	S F'cisco†	F	5	41
Funchal	C	18	64	S. Moritz		—	—
Geneva	F	8	46	Singapr.		—	—
Gibraltar	C	15	59	S'tiago†		—	—
Glasgow	S	6	43	Stckhm	C	1	34
G'rnsey	R	9	48	Strasbg.	S	10	50
Helsinki	R	0	32	Sydney		—	—
H. Kong		—	—	Tangier	C	18	64
Innsbrk	S	8	46	Tel Aviv	C	16	61
Invrnss	S	8	46	Tenerife	S	21	70
I. o Man		—	—	Tokyo		—	—
Istanbul	F	3	37	Toronto†	F	−18	0
Jersey	C	9	48	Tunis	F	17	63
Jo'burg		—	—	Valencia	C	1	34
L. Plms.	S	20	68	Venice	S	9	48
Lisbon	C	12	54	Vienna	C	0	32
Locarno	S	7	45	Warsaw	F	1	34
London	C	10	50	Zurich	Fg	5	41

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sn—Snow.
† Noon GMT temperatures.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.